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

# SAN MIGUEL COUNTY SCHOOL DISTRICT R-2J
**NORWOOD, COLORADO**

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

## JUNE 30, 2024

**SAN MIGUEL COUNTY SCHOOL DISTRICT R-2J**
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# INDEPENDENT AUDITOR'S REPORT

Board of Education
San Miguel County School District R-2J
Norwood, 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 San Miguel County School District R-2J (the District) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the basic financial statements of the District, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2024, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis of Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### Responsibilities of Management for the Financial Statements

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

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

Board of Education
San Miguel County School District R-2J

**Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

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

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

**Required Supplementary Information**

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

Board of Education
San Miguel County School District R-2J

**Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying combining and individual fund statements and budget comparison schedules and the auditor's integrity report listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling the information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund statements and budget comparison schedules and the auditor's integrity report are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Emphasis of Matter**

As described in Note 10 to the financial statements, as of and for the year ended June 30, 2024, have been restated to correct a misstatement. Our opinion is not modified with respect to this matter.

DMC Auditing and Consulting, LLC

January 29, 2025
Bailey, Colorado

**Management's Discussion and Analysis**
**San Miguel County (Norwood) School District R2-JT**
**June 30, 2024**

As management of the Norwood School District R2-JT (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2024.

## Financial Highlights

The liabilities and deferred inflows of resources of the District exceeded its assets and deferred outflows of resources at the close of the most recent fiscal year by $835,234 (net position). Of this amount, $3,376,793 is net investment in capital asset, $118,787 is restricted for emergencies, $35,293 restricted for preschool, $124,090 is restricted for debt service, and $29,457 restricted for food service, leaving an unrestricted negative net position balance of $2,849,180.

At the end of the current fiscal year, the fund balance for the general fund was $1,895,180. This is attributable to a conservative approach in budgeting for the school district so the fund balance covers at least three months of operating expenditures.

During the fiscal year, the fund balance in the District's general fund decreased by $165,509.

## Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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

The *statement of net position* presents information on all of the District's assets. Deferred outflows of resources, liabilities, and deferred inflows of resources with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

The government-wide financial statements only have governmental activities that are principally supported by taxes and intergovernmental revenues. The governmental activities of the District include instructional services, supporting services (pupil services, instructional staff services, general administration services, school administration services, maintenance and capital asset services, transportation services), food service, and capital outlay. The government-wide financial statements include only the District itself, as the District has no component units. The government-wide financial statements can be found on pages 4 and 5 of this report.

**Fund financial statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District's fund-types are governmental funds.

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

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the government fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities.*

The District maintains four individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and nonmajor governmental funds (3). The General Fund is considered to be a major fund.

The District adopts an annual appropriated budget for its General Fund. A budgetary statement has been provided for the General Fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 6-9 of this report.

**Notes to the financial statements**. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 10-31 of this report.

**Government-wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $835,234 at the close of the most recent fiscal year. The net position decreased from $1,047,690 (as restated) in the previous year to $835,234.

The District's net position is in its net investment in capital assets (e.g., land and improvements, buildings, and equipment); less than any related debt used to acquire those assets that is still outstanding, is $3,376,793, which increased from the previous year by $38,665. The District uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the District's net investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Property taxes are levied specifically to fund debt service on general obligation bonds.

**Norwood School District R2-Jt.'s Net Position**
**Governmental Activities Totals**

| | | 2023 | | 2024 |
|---|---|---|---|---|
| Current and Other Assets* | $ | 2,823,688 | $ | 2,855,968 |
| Capital Assets | | 3,292,116 | | 3,121,431 |
| **Total Assets*** | **$** | **6,115,804** | **$** | **5,977,399** |
| Deferred Outflows | $ | 1,150,733 | $ | 1,709,173 |
| Current Liabilities | $ | 319,997 | $ | 327,569 |
| Long-term Liabilities | | 9,075 | | 9,802 |
| Net Pension Liability | | 4,683,032 | | 5,819,420 |
| Net OPEB Liability | | 159,597 | | 140,516 |
| **Total Liabilities** | **$** | **5,171,701** | **$** | **6,297,307** |
| Deferred Inflows | $ | 1,047,146 | $ | 554,031 |
| Net Position: | | | | |
| Net Investment in Capital Assets | $ | 3,338,128 | $ | 3,376,793 |
| Restricted | | 238,909 | | 307,621 |
| Unrestricted | | (2,529,347) | | (2,849,180) |
| **Total Net Position*** | **$** | **1,047,690** | **$** | **835,234** |

*This balance was restated as of June 30, 2024.

The largest portion of the district's assets, 56%, reflects its investment in capital assets, less accumulated depreciation. 40% of the District's assets are cash and investments. 2.7% of the District's current liabilities represent accrued salaries and benefits. This liability occurs when teachers and certain other District employees work nine months out of the year but are paid over a full twelve months. Therefore, for each month these employees work, they earn more than they are paid. The liability will be paid in July 2025 over the twelve month period of the employee contract.

There were no long-term liabilities outstanding or debt obligations. The remaining balance of the last Bond was paid in November 2022.

**Governmental activities**. Governmental activities decreased the District's net position by $212,456.

**Norwood School District R2-Jt's Changes in Net Position**
**Governmental Activities**
**Totals**

| | 2023 | 2024 |
|---|---|---|
| Revenues: | | |
| Charges for Services | $ 55,668 | $ 68,344 |
| Operating Grants | 486,569 | 695,796 |
| Capital Grants | 228,098 | - |
| | | |
| Property taxes levied for general purposes | 675,556 | 747,639 |
| Property taxes levied for debt services | 15,961 | - |
| State Equalization | 2,658,566 | 2,922,721 |
| Specific Ownership Taxes | 45,079 | 42,420 |
| Investment Earnings | 3,295 | 46,711 |
| Miscellaneous Revenue | 19,410 | 60,449 |
| **Total Revenues** | **$ 4,188,202** | **$ 4,584,080** |
| | | |
| Expenses: | | |
| Instructional Services | $ 2,047,171 | 2,438,624 |
| Support Services | 1,941,666 | 2,204,868 |
| Food Services | 100,573 | 152,544 |
| Interest and Fiscal Charge on Long Term Debt | 1,433 | 500 |
| **Total Expenses** | **$ 3,888,098** | **$ 4,796,536** |
| | | |
| Change in Net Position | $ 93,717 | $ (212,456) |
| Net Position Beginning, as Originally Stated | 989,833 | 1,083,550 |
| Restatement, Correction of an Error | - | (35,860) |
| Net Position Beginning, as Restated | - | 1,047,690 |
| **Net Position Ending** | **$ 1,083,550** | **$ 835,234** |

Key elements of the change in net position are as follows:

State equalization aid increased by $264,155 during the fiscal year. Property taxes levied for general purposes and for debt service decreased. Some of the increase is the product of the Colorado Public School Finance Act, which provides for the majority of the funding of local school districts based on a funded pupil count formula and a standardized maximum statewide property tax mill levy. GASB 68 and 75 caused decreases in many expense categories this year due to the State PERA funding and benefit factors.

Salary and benefit expenditures account for 53% of total expenditures in the general fund.

GASB 68 and 75 continue to have a major impact on the net position and expenses of the District in the statement of activities and statement of net position.

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

At the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of 2156,355. *Unassigned fund balance* is $1776,399. A restricted fund balance of $118,781 must be set aside for emergencies (TABOR).

The General Fund is the chief operating fund of the District. At the end of the current fiscal year, the total fund balance was $2,156,355.

The fund balance of the District's General Fund decreased by $165,509 during the current fiscal year.

**General Fund Budgetary Highlights**

There were minor amendments to the General Fund budget, but there were no significant variances from budget to actual noteworthy.

**Capital assets**. The District's capital assets for its governmental activities as of June 30, 2024, amount to $255,362 for capital assets, not being depreciated, and $3,121,431 of capital assets, being depreciated (net of accumulated depreciation.

**Long-term debt**. At the end of the current fiscal year, the District had no total outstanding debt.

## Economic Factors and Next Year's Budgets

The District's enrollment showed a slight increase from the previous year and has held steady into FY23-24. Trends in enrollment directly impact the school district's budget for funding. Rising inflation costs and any State budget cuts directly affect the State of Colorado's funding formula for school districts in the future. With the implantation of Universal PreK, CPP funds which were previously included in the State Equalization funds, are now paid based on PreK enrollment through a monthly UPK funding mechanism. Funding for 3 Year Olds is paid separately (using a 5 year look back period of the CPP Funding for the first year).

The District is being faced with the need for more reliable transportation along with structural maintenance and facilities costs. A new bus will be purchased using FY23-24 funds. The District has again applied for BEST funding through CDE to assist in covering the costs of a new facility. Land has also been obtained by purchase from the Town of Norwood.

Rising costs of health insurance for our staff benefit program means the District has to be very resourceful in purchasing goods and services. Salary increases to our staff are somewhat keeping up with inflation with the passing of the mill-levy override in 2007, however, we are still making strides to move the base pay to a more equitable level.

## Requests for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Norwood School District R2- JT, Finance Manager, and P.O. Box 448, Norwood, Colorado 81423

# BASIC FINANCIAL STATEMENTS

**SAN MIGUEL COUNTY SCHOOL DISTRICT R-2J**
STATEMENT OF NET POSITION
June 30, 2024

| | PRIMARY GOVERNMENT GOVERNMENTAL ACTIVITIES |
|---|---|
| ASSETS | |
| Cash and Investments | $ 2,353,774 |
| Grants Receivable | 96,353 |
| Taxes Receivable | 138,603 |
| Inventories | 11,876 |
| Capital Assets, *Not Being Depreciated* | 255,362 |
| Capital Assets, *Net of Accumulated Depreciation* | 3,121,431 |
| TOTAL ASSETS | 5,977,399 |
| DEFERRED OUTFLOWS OF RESOURCES | |
| Pensions, *Net of Accumulated Amortization* | 1,684,151 |
| OPEB, *Net of Accumulated Amortization* | 25,022 |
| TOTAL DEFERRED OUTFLOWS OF RESOURCES | 1,709,173 |
| LIABILITIES | |
| Accounts Payable | 64,924 |
| Accrued Salaries and Benefits | 170,458 |
| Unearned Revenue | 92,187 |
| Noncurrent Liabilities | |
| Due Within One Year | 9,802 |
| Net Pension Liability | 5,819,420 |
| Net OPEB Liability | 140,516 |
| TOTAL LIABILITIES | 6,297,307 |
| DEFERRED INFLOWS OF RESOURCES | |
| Pensions, *Net of Accumulated Amortization* | 488,964 |
| OPEB, *Net of Accumulated Amortization* | 65,067 |
| TOTAL DEFERRED INFLOWS OF RESOURCES | 554,031 |
| NET POSITION | |
| Net Investment in Capital Assets | 3,376,793 |
| Restricted for: | |
| Emergencies | 118,781 |
| Preschool | 35,293 |
| Debt Service | 124,090 |
| Food Service | 29,457 |
| Unrestricted | (2,849,180) |
| TOTAL NET POSITION | $ 835,234 |

**SAN MIGUEL COUNTY SCHOOL DISTRICT R-2J**
STATEMENT OF ACTIVITIES
Year Ended June 30, 2024

| FUNCTIONS / PROGRAMS | EXPENSES | PROGRAM REVENUES: CHARGES FOR SERVICES | PROGRAM REVENUES: OPERATING GRANTS AND CONTRIBUTIONS | NET (EXPENSE) REVENUE AND IN NET POSITION — PRIMARY GOVERNMENT: GOVERNMENTAL ACTIVITIES |
|---|---|---|---|---|
| PRIMARY GOVERNMENT | | | | |
| **Governmental Activities** | | | | |
| Instruction | $ 2,438,624 | $ 53,371 | $ 416,996 | $ (1,968,257) |
| Supporting Services | 2,204,868 | 8,450 | 180,180 | (2,016,238) |
| Food Services | 152,544 | 6,523 | 98,620 | (47,401) |
| Interest and Fiscal Charges on Long-Term Debt | 500 | - | - | (500) |
| TOTAL GOVERNMENTAL ACTIVITIES | $ 4,796,536 | $ 68,344 | $ 695,796 | (4,032,396) |
| GENERAL REVENUES | | | | |
| Local Property Taxes - General | | | | 747,639 |
| Specific Ownership Taxes | | | | 42,420 |
| State Equalization | | | | 2,922,721 |
| Investment Income | | | | 46,711 |
| Other | | | | 60,449 |
| TOTAL GENERAL REVENUES | | | | 3,819,940 |
| CHANGE IN NET POSITION | | | | (212,456) |
| NET POSITION, Beginning, as Restated | | | | 1,083,550 |
| Restatement, Correction of an Error | | | | (35,860) |
| NET POSITION, Beginning, as Restated | | | | 1,047,690 |
| NET POSITION, Ending | | | | $ 835,234 |

*See Notes to the Financial Statements.*

**SAN MIGUEL COUNTY SCHOOL DISTRICT R-2J**

BALANCE SHEET

GOVERNMENTAL FUNDS

June 30, 2024

| | GENERAL | NONMAJOR GOVERNMENTAL FUNDS | TOTAL |
|---|---|---|---|
| ASSETS | | | |
| Cash and Investments | $ 2,103,087 | $ 250,687 | $ 2,353,774 |
| Taxes Receivable | 138,603 | - | 138,603 |
| Grants Receivable | 96,353 | - | 96,353 |
| Inventories | - | 11,876 | 11,876 |
| TOTAL ASSETS | $ 2,338,043 | $ 262,563 | $ 2,600,606 |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | | | |
| LIABILITIES | | | |
| Accounts Payable | $ 64,924 | $ - | $ 64,924 |
| Accrued Salaries and Benefits | 169,070 | 1,388 | 170,458 |
| Unearned Revenue | 92,187 | - | 92,187 |
| TOTAL LIABILITIES | 326,181 | 1,388 | 327,569 |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Property Taxes | 116,682 | - | 116,682 |
| FUND BALANCES | | | |
| Nonspendable Inventories | - | 11,876 | 11,876 |
| Restricted for: | | | |
| Emergencies | 118,781 | - | 118,781 |
| Preschool | 35,293 | - | 35,293 |
| Debt Service | - | 124,090 | 124,090 |
| Food Service | - | 29,457 | 29,457 |
| Assigned to Student Activities | - | 95,752 | 95,752 |
| Unassigned | 1,741,106 | - | 1,741,106 |
| TOTAL FUND BALANCES | 1,895,180 | 261,175 | 2,156,355 |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | $ 2,338,043 | $ 262,563 | $ 2,600,606 |

**SAN MIGUEL COUNTY SCHOOL DISTRICT R-2J**

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
June 30, 2024

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

| | | |
|---|---|---|
| Total Fund Balances of Governmental Funds | $ | 2,156,355 |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds. | | 3,376,793 |
| Long-term assets are not available to pay current year expenditures and, therefore, are deferred in governmental funds. This amount represents property taxes earned but not available as current financial resources. | | 116,682 |
| Long-term liabilities and related items are not due and payable in the current year and, therefore, are not reported in governmental funds: | | |
| Accrued Compensated Absences | | (9,802) |
| Net Pension Liability | | (5,819,420) |
| Pension-Related Deferred Outflows of Resources | | 1,684,151 |
| Pension-Related Deferred Inflows of Resources | | (488,964) |
| Net OPEB Liability | | (140,516) |
| OPEB-Related Deferred Outflows of Resources | | 25,022 |
| OPEB-Related Deferred Inflows of Resources | | (65,067) |
| Total Net Position of Governmental Activities | $ | 835,234 |

**SAN MIGUEL COUNTY SCHOOL DISTRICT R-2J**

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

Year Ended June 30, 2024

| | GENERAL | NONMAJOR GOVERNMENTAL FUNDS | TOTAL |
|---|---|---|---|
| REVENUES | | | |
| Local Sources | $ 867,416 | $ 56,805 | $ 924,221 |
| County Sources | 9,966 | - | 9,966 |
| State Sources | 3,357,816 | 35,400 | 3,393,216 |
| Federal Sources | 161,539 | 63,220 | 224,759 |
| TOTAL REVENUES | 4,396,737 | 155,425 | 4,552,162 |
| EXPENDITURES | | | |
| Current | | | |
| Instruction | 2,158,578 | 58,059 | 2,216,637 |
| Supporting Services | 2,030,593 | - | 2,030,593 |
| Food Service | - | 148,607 | 148,607 |
| Capital Outlay | 372,385 | - | 372,385 |
| Debt Service | | | |
| Interest and Fiscal Charges | - | 500 | 500 |
| TOTAL EXPENDITURES | 4,561,556 | 207,166 | 4,768,722 |
| EXCESS REVENUES OVER (UNDER) EXPENDITURES | (164,819) | (51,741) | (216,560) |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers In | - | 690 | 690 |
| Transfers Out | (690) | - | (690) |
| TOTAL OTHER FINANCING SOURCES (USES) | (690) | 690 | - |
| CHANGES IN FUND BALANCES | (165,509) | (51,051) | (216,560) |
| FUND BALANCES, Beginning, as Originally Stated | 2,096,549 | 312,226 | 2,408,775 |
| Restatement, Correction of an Error | (35,860) | - | (35,860) |
| FUND BALANCES, Beginning, as Restated | 2,060,689 | 312,226 | 2,372,915 |
| FUND BALANCES, Ending | $ 1,895,180 | $ 261,175 | $ 2,156,355 |

*See Notes to the Financial Statements.*

**SAN MIGUEL COUNTY SCHOOL DISTRICT R-2J**

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2024

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

| | | |
|---|---|---|
| Net Change in Fund Balances of Governmental Funds | $ | (216,560) |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as: | | |
| Capital outlay | | 318,350 |
| Depreciation expense | | (279,685) |
| Revenues that do not provide current financial resources are deferred in the governmental fund financial statements but are recognized in the government-wide financial statements. This amount represents the change in deferred property taxes. | | 31,918 |
| Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. This includes the changes in the following: | | |
| Accrued Compensated Absences | | (727) |
| Net Pension Liability | | (1,136,388) |
| Pension-Related Deferred Outflows of Resources | | 565,268 |
| Pension-Related Deferred Inflows of Resources | | 470,386 |
| Net OPEB Liability | | 19,081 |
| OPEB-Related Deferred Outflows of Resources | | (6,828) |
| OPEB-Related Deferred Inflows of Resources | | 22,729 |
| Change in Net Position of Governmental Activities | $ | (212,456) |

**NOTE 1: Summary of Significant Accounting Policies**

The accounting policies of the San Miguel County School District R-2J (the District) conform to generally accepted accounting principles as applicable to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the District's more significant policies.

**Reporting Entity**

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

**Government-wide and Fund Financial Statements**

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

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

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

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

In the fund financial statements, the District reports the following major governmental funds:

The *General Fund* is the District's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund. The General Fund includes the Preschool Program Activity.

The *Food Service Fund* is used to account for food service operations, including revenues and expenditures from federal and state grants.

**NOTE 1: Summary of Significant Accounting Policies** (Continued)

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

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collected within the current year or soon enough thereafter to pay liabilities of the current year. For this purpose, the District considers property tax revenues to be available if they are collected within 60 days of the end of the current year. The District considers all other revenues to be available if they are collected within 180 days of the end of the current year.

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

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due.

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

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

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

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

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

**NOTE 1: Summary of Significant Accounting Policies** (Continued)

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

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

| | |
|---|---|
| Land Improvements | 10 – 20 years |
| Buildings and Building Improvements | 5 – 40 years |
| Equipment | 3 – 20 years |
| Vehicles | 5 – 10 years |

Subscription-based information technology assets (SBITAs) are reported in the government-wide financial statements. SBITAs are recognized as multi-year noncancellable agreements amortized over the period of the agreement on a straight-line basis.

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

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

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

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

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

*Compensated Absences* – Personnel accrue discretionary days based on the number of days worked in a year. Employees may accumulate up to 30 days of leave. Unused accumulated leave benefits are paid upon separation/termination at $20 per day. These compensated absences are recognized as expenditures in the governmental funds when due. Long-term liability is reported in the government-wide financial statements for the accrued compensated absences when earned.

**NOTE 1: Summary of Significant Accounting Policies** (Continued)

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

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

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

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

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

**Property Taxes**

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

**NOTE 2: Cash and Investments**

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

| | | |
|---|---|---|
| Deposits | $ | 1,264,869 |
| Investments | | 1,088,905 |
| Total | $ | 2,353,774 |

**Deposits**

The Colorado Public Deposit Protection Act (PDPA) requires local government entities to deposit cash in eligible public depositories. Eligibility is determined by State regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. The PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution or held in trust for all uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. At June 30, 2024, the District had bank deposits of $1,044,586 collateralized with securities held by the financial institution's agent but not in the District's name.

**Investments**

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

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

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

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

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

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

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

**NOTE 2: Cash and Investments** (Continued)

**Investments** (Continued)

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

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

The District's investments in the Morgan Stanley Institutional Liquidity Funds are rated AAAm by Fitch's Rating Agency, a nationally recognized statistical rating organization (NSRO) in the amount of $124,090.

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

*Local Government Investment Pools* - At June 30, 2024, the District had $964,815 invested in the Colorado Local Government Liquid Asset Trust (ColoTrust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The Colorado Division of Securities administers and enforces the requirements of creating and operating the Pool. The Pool operates in conformity with the Securities and Exchange Commission's Rule 2a-7. The Pool is reported at the net asset value per share, with each share valued at $1. The Pool is rated AAAm by Standard and Poor's. Investments of the Pool are limited to those allowed by State statutes. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. The custodian's internal records identify the investments owned by the participating governments.

**NOTE 3: Interfund Balances and Transfers**

During the fiscal year ended June 30, 2024, the General Fund transferred $690 to the Food Service Fund to subsidize food and labor costs.

**NOTE 4: Risk Management**

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

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

## NOTE 5: Capital Assets

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

| | Balance 6/30/2023 | Additions | Deletions | Balance 6/30/2024 |
|---|---|---|---|---|
| **Governmental Activities:** | | | | |
| Capital Assets, Not Being Depreciated: | | | | |
| Land | $ 46,012 | $ 209,350 | $ - | $ 255,362 |
| Capital Assets, Being Depreciated: | | | | |
| Buildings | 6,186,049 | - | - | 6,186,049 |
| Land Improvements | 174,044 | - | - | 174,044 |
| Vehicles and Equipment | 1,182,816 | 109,000 | 40,281 | 1,251,535 |
| Total Capital Assets, Being Depreciated | 7,542,909 | 109,000 | 40,281 | 7,611,628 |
| Less Accumulated Depreciation: | | | | |
| Buildings | (3,221,459) | (164,921) | - | (3,386,380) |
| Land Improvements | (131,679) | (4,584) | - | (136,263) |
| Vehicles and Equipment | (897,655) | (110,180) | (40,281) | (967,554) |
| Total Accumulated Depreciation | (4,250,793) | (279,685) | (40,281) | (4,490,197) |
| Total Capital Assets, Being Depreciated, Net | 3,292,116 | (170,685) | - | 3,121,431 |
| Capital Assets, Governmental Activities, Net | $ 3,338,128 | $ 38,665 | $ - | $ 3,376,793 |

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

| | |
|---|---|
| Instruction | $ 154,142 |
| Supporting Services | 123,646 |
| Food Service | 1,897 |
| Total | $ 279,685 |

## NOTE 6: Long-Term Debt

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

| | Balance 6/30/2023 | Additions | Reductions | Balance 6/30/2024 | Due in One Year |
|---|---|---|---|---|---|
| **Governmental Activities** | | | | | |
| Compensated Absences | $ 9,075 | $ 727 | $ - | $ 9,802 | $ 9,802 |

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

## NOTE 7: Defined Benefit Pension Plan

### General Information

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

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

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

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

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

*Contributions provisions as of June 30, 2024* - The District, State, and eligible employees are required to contribute to the SDTF at rates established by Title 24, Article 51, Part 4 of the CRS. These contribution requirements are established and may be amended by the State Legislature. The contribution rate for employees was 11% for the period from July 1, 2023, through June 30, 2024. The District's contribution rate for the fiscal year was 21.40% of covered salaries. However, a portion of the District's contribution (1.02% of covered salaries) is allocated to the Health Care Trust Fund (Note 8). The District's contributions to the SDTF for the year ended June 30, 2024, were $450,786, equal to the required contributions.

**NOTE 7: Defined Benefit Pension Plan** (Continued)

**General Information** (Continued)

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

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

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

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

At December 31, 2023, the District's proportion was 0.0329089014%, which was an increase of 0.0071913304% from its proportion measured at December 31, 2023.

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

| | |
|---|---|
| District's proportionate share of the net pension liability | $ 5,819,420 |
| State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the District | 127,603 |
| Total | $ 5,947,023 |

**NOTE 7: Defined Benefit Pension Plan** (Continued)

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

For the year ended June 30, 2024, the District recognized pension expense of $551,221 and a revenue of ($9,722) for support from the State as a nonemployer contributing entity. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Differences between expected and actual experience | $ 275,953 | $ - |
| Net difference between projected and actual earnings on plan investments | 417,163 | - |
| Changes in proportion and differences between contributions recognized and proportionate share of contributions | 768,270 | 488,964 |
| Contributions subsequent to the measurement date | 222,765 | - |
| Total | $ 1,684,151 | $ 488,964 |

District contributions subsequent to the measurement date of $222,765 will be recognized as a reduction of the net pension liability in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

| Year Ended June 30, | |
|---|---|
| 2025 | $ 82,558 |
| 2026 | 507,747 |
| 2027 | 498,433 |
| 2028 | (116,316) |
| Total | $ 972,422 |

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

**NOTE 7: Defined Benefit Pension Plan** (Continued)

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

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

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

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

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

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

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

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

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

**NOTE 7: Defined Benefit Pension Plan** (Continued)

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

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

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

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

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

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

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

- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the scheduled increases in Senate Bill (SB) 18-200, required adjustments resulting from the 2018 and 2020 AAP assessments. Employee contributions for future plan participants were used to reduce the estimated amount of total service costs for future plan members.

**NOTE 7: Defined Benefit Pension Plan** (Continued)

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

- District contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the scheduled increase in SB 18-200, required adjustments resulting from the 2018 and 2020 AAP assessments. District contributions also include current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103%, at which point the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated District contributions reflect reductions for the funding of the annual increase reserve and retiree health care benefits. For future plan members, District contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.

- As specified in law, the state, as a nonemployer contributing entity, will provide an annual direct distribution of $225 million, commencing July 1, 2018, that is proportioned between the PERA Division Trust Funds, including SDTF, based upon the covered payroll. The annual direct distribution ceases when all PERA Division Trust Funds are fully funded.

- District contributions and the amount of total service costs for future plan participants were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.

- The annual increase reserve balance was excluded from the initial fund net position, as, per statute, annual increase reserve amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. Annual increase reserve transfers to the fiduciary net position and the subsequent annual increase reserve benefit payments were estimated and included in the projections.

- Benefit payments and contributions were assumed to be made at the middle of the year.

- Beginning with the December 31, 2023, measurement date and thereafter, the fiduciary net position as of the current measurement date is used as a starting point for the GASB 67 projection test.

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

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

**NOTE 7: Defined Benefit Pension Plan** (Continued)

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

| | 1% Decrease (6.25%) | Current Discount Rate (7.25%) | 1% Increase (8.25%) |
|---|---|---|---|
| Proportionate share of the net pension liability | $ 7,781,533 | $ 5,819,420 | $ 4,183,255 |

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

**NOTE 8: Postemployment Healthcare Benefits**

**General Information**

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

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

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

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

**NOTE 8: Postemployment Healthcare Benefits** (Continued)

**General Information** (Continued)

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

*Contributions* - As established by Title 24, Article 51, Section 208(1)(f) of the CRS, as amended, 1.02% of the District's contributions to the School Division Trust Fund (SDTF) (Note 7) are apportioned to the HCTF. No employee contributions are required. These contribution requirements are established and may be amended by the State Legislature. The District's apportionment to the HCTF for the year ended June 30, 2024, was $22,561, equal to the required amount.

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

At June 30, 2024, the District reported a net OPEB liability of $140,516, representing its proportionate share of the net OPEB liability of the HCTF. The net OPEB liability was measured at December 31, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2022. Standard update procedures were used to roll forward the total OPEB liability to December 31, 2023.

The District's proportion of the net OPEB liability was based on the District's contributions to the HCTF for the calendar year ended December 31, 2023, relative to the contributions of all participating employers. At December 31, 2023, the District's proportion was 0.00196876177%, which was an increase of 0.0001406416% from its proportion measured at December 31, 2022.

For the year ended June 30, 2024, the District recognized OPEB expense of ($12,176). At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Differences between expected and actual experience | $ - | $ 28,800 |
| Changes of assumptions and other inputs | 1,653 | 14,899 |
| Net difference between projected and actual earnings on plan investments | 4,346 | - |
| Changes in proportion and differences between contributions recognized and proportionate share of contributions | 7,874 | 21,368 |
| Contributions subsequent to the measurement date | 11,149 | - |
| Total | $ 25,022 | $ 65,067 |

**NOTE 8: Postemployment Healthcare Benefits** (Continued)

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

District contributions subsequent to the measurement date of $11,149 will be recognized as a reduction of the net OPEB liability in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

| Year Ended June 30, | |
|---|---|
| 2025 | $ (23,126) |
| 2026 | (10,921) |
| 2027 | (4,771) |
| 2028 | (9,573) |
| 2029 | (2,500) |
| 2030 | (303) |
| Total | $ (51,194) |

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

| | |
|---|---|
| Actuarial Cost Method | Entry Age |
| Price inflation | 2.30% |
| Real wage growth | 0.70% |
| Wage inflation | 3.00% |
| Salary increases, including wage inflation | 3.40% - 11.00% |
| Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation | 7.25% |
| Discount rate | 7.25% |
| Heath care cost trend rates: | |
| Service-based premium subsidy | 0.0% |
| PERACare Medicare plans | |
| 7% in 2023, gradually decreasing to 4.5% in 2033 | |
| Medicare Part A premiums: | |
| 3.5% in 2023, gradually increasing to 4.5% in 2035 | |

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

**NOTE 8: Postemployment Healthcare Benefits** (Continued)

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

Annually, the per capita health care costs are developed by plan option. At December 31, 2023, the plan options include 2022 premium rates for the UnitedHealthcare Medicare Advantage Prescription Drug (MAPD) PPO plan #1, the UnitedHealthcare MAPD PPO plan #2, and the Kaiser Permanente MAPD HMO plan. Actuarial morbidity factors are then applied to estimate individual retiree and spouse costs by age, gender, and health care cost trend. This approach applies to all members and is adjusted accordingly for those not eligible for premium-free Medicare Part A for the PERA benefit structure.

Age-Related Morbidity Assumptions

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

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

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

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

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

**NOTE 8: Postemployment Healthcare Benefits** (Continued)

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

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

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

The PERA benefit structure health care cost trend rates used to measure the total OPEB liability are summarized in the table below:

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

Mortality assumptions used in the December 31, 2022, valuation for the determination of the total pension liability, reflect generational mortality and were applied, as applicable, in the determination of the total OPEB liability for the HCTF, but developed using a headcount-weighted basis. SDTF participates in the HCTF (Note 7).

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

**NOTE 8: Postemployment Healthcare Benefits** (Continued)

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

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

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

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

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

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

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

The PERA Board first adopted the 7.25% long-term expected rate of return as of November 18, 2016. Following an asset/liability study, the Board reaffirmed the assumed rate of return at the Board's November 15, 2019, meeting, to be effective January 1, 2020.

As of the most recent reaffirmation of the long-term rate of return, the target asset allocation, and best estimates of geometric real rates of return for each major asset class are summarized in the table as follows:

**NOTE 8: Postemployment Healthcare Benefits** (Continued)

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

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

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

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

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2023, measurement date.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3%.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Estimated transfers of dollars into the HCTF representing a portion of purchase service agreements intended to cover the costs associated with OPEB benefits.
- Benefit payments and contributions were assumed to be made at the middle of the year.
- Beginning with the December 31, 2023, measurement date and thereafter, the fiduciary net position as of the current measurement date is used as a starting point for the GASB 74 projection test.

**NOTE 8: Postemployment Healthcare Benefits** (Continued)

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

- As of December 31, 2023, measurement date, the fiduciary net position and related disclosure components for the HCTF reflect payments related to disaffiliation of Tri-County Health Department as a PERA-affiliated employer, effective December 31, 2022. As of December 31, 2023, PERA recognized two additions for accounting and financial reporting purposes: a $24 million payment received on December 4, 2023, and a $2 million receivable. The employer disaffiliation payment and receivable allocations to the HCTF and Local Government Division Trust Fund were $1.033 million and $24.967 million, respectively.

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

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

| | 1% Decrease in Trend Rates | Current Trend Rates (7.25%) | 1% Increase in Trend Rates |
|---|---|---|---|
| Initial PERACare Medicare trend rate | 5.75% | 6.75% | 7.75% |
| Ultimate PERACare Medicare trend rate | 3.50% | 4.50% | 5.50% |
| Initial Medicare Part A trend rate | 2.50% | 3.50% | 4.50% |
| Ultimate Medicare Part A trend rate | 3.50% | 4.50% | 5.50% |
| Net OPEB Liability | $ 136,483 | $ 140,516 | $ 144,903 |

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

| | 1% Decrease (6.25%) | Current Discount Rate (7.25%) | 1% Increase (8.25%) |
|---|---|---|---|
| Proportionate share of the net OPEB liability | $ 165,967 | $ 140,516 | $ 118,742 |

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

## NOTE 8: Commitments and Contingencies

### Claims and Judgments

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

### Tabor Amendment

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

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

The Amendment requires the District to establish a reserve for emergencies, representing 3% of qualifying expenditures. At June 30, 2024, the District's emergency reserve was reported as restricted fund balance in the General Fund in the amount of $118,781.

### Litigation

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

## NOTE 9: Joint Venture

The District is a member of the Uncompahgre Board of Cooperative Services (BOCES), a joint venture of five local school districts. The BOCES is governed by a board formed of one board member from each member district. The participants oversee budgeting and finance. In 2024, the District contributed $24,727 to BOCES.

## NOTE 10: Restatement – Correction of an Error

The District identified a correction of an error to the net position and fund balances related to cash and investments at June 30, 2023, in the following amounts:

| | General Fund | Governmental Funds | Governmental Activities |
|---|---|---|---|
| Net Position / Fund Balances, Beginning, as Originally Stated | 2,096,549 | 2,408,775 | 1,083,550 |
| Cash and Investments | (35,860) | (35,860) | (35,860) |
| Net Position / Fund Balances, Beginning, as Restated | 2,060,689 | 2,372,915 | 1,047,690 |

# REQUIRED SUPPLEMENTARY INFORMATION

**SAN MIGUEL COUNTY SCHOOL DISTRICT R-2J**
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
Year Ended June 30, 2024

| | BUDGET ORIGINAL | BUDGET FINAL | ACTUAL | VARIANCE Positive (Negative) |
|---|---|---|---|---|
| REVENUES | | | | |
| Local Sources | | | | |
| Property Taxes | $ 830,360 | $ 799,992 | $ 715,721 | $ (84,271) |
| Specific Ownership Taxes | 88,998 | 18,652 | 42,420 | 23,768 |
| Tuition and Fees | 1,000 | 1,000 | - | (1,000) |
| Rental Income | 60,738 | 60,738 | 8,450 | (52,288) |
| Investment Income | 70 | 70 | 41,030 | 40,960 |
| Miscellaneous | 35,000 | 43,400 | 59,795 | 16,395 |
| County Sources | 4,750 | 4,750 | 9,966 | 5,216 |
| State Grants | 2,990,903 | 3,275,092 | 3,357,816 | 82,724 |
| Federal Grants | 85,959 | 149,938 | 161,539 | 11,601 |
| TOTAL REVENUES | 4,097,778 | 4,353,632 | 4,396,737 | 99,541 |
| EXPENDITURES | | | | |
| Current | | | | |
| Instruction | 2,243,800 | 2,656,695 | 2,158,578 | 498,117 |
| Supporting Services | | | | |
| Students | 318,470 | 327,701 | 247,573 | 80,128 |
| Instructional Staff | 21,700 | 21,700 | 194,261 | (172,561) |
| General Administration | 250,792 | 295,833 | 216,279 | 79,554 |
| School Administration | 200,103 | 249,521 | 227,371 | 22,150 |
| Business Services | 99,729 | 108,960 | 114,628 | (5,668) |
| Operations and Maintenance | 796,637 | 833,562 | 692,075 | 141,487 |
| Student Transportation | 242,002 | 242,002 | 168,475 | 73,527 |
| Central Support | 197,982 | 217,213 | 140,282 | 76,931 |
| Other Support | - | - | 26,772 | (26,772) |
| Community Services | 4,186 | - | 2,877 | (2,877) |
| Total Supporting Services | 2,131,601 | 2,296,492 | 2,030,593 | 295,548 |
| Capital Outlay | 209,000 | 329,000 | 372,385 | (43,385) |
| Contingency | 100,000 | 100,000 | - | 100,000 |
| TOTAL EXPENDITURES | 4,684,401 | 5,382,187 | 4,561,556 | 850,280 |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | (586,623) | (1,028,555) | (164,819) | 863,736 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers Out | - | (690) | (690) | - |
| CHANGE IN FUND BALANCE | (586,623) | (1,029,245) | (165,509) | 863,736 |

**SAN MIGUEL COUNTY SCHOOL DISTRICT R-2J**
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
Year Ended June 30, 2024

| | BUDGET ORIGINAL | BUDGET FINAL | ACTUAL | VARIANCE Positive (Negative) |
|---|---|---|---|---|
| FUND BALANCE, Beginning, as Originally Stated | 2,753,525 | 2,219,037 | 2,096,549 | (122,488) |
| Restatement, Correction of an Error | - | - | (35,860) | (35,860) |
| FUND BALANCE, Beginning, as Restated | 2,753,525 | 2,219,037 | 2,060,689 | (158,348) |
| FUND BALANCE, Ending | $ 2,166,902 | $ 1,189,792 | $ 1,895,180 | $ 705,388 |

**SAN MIGUEL COUNTY SCHOOL DISTRICT R-2J**
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AND CONTRIBUTIONS
PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION OF COLORADO SCHOOL DIVISION TRUST FUND
June 30, 2024

| **MEASUREMENT YEAR** | 12/31/23 | 12/31/22 | 12/31/21 | 12/31/20 |
|---|---|---|---|---|
| PROPORTIONATE SHARE OF THE NET PENSION LIABILITY | | | | |
| District's Proportion of the Net Pension Liability | 0.0329089014% | 0.0257175710% | 0.0332165290% | 0.0357338402% |
| District's Proportionate Share of the Net Pension Liability | $ 5,819,420 | $ 4,683,032 | $ 3,865,529 | $ 5,402,236 |
| State's Proportionate Share of the Net Pension Liability Associated with the District | 127,603 | 1,364,683 | 397,559 | - |
| Total Proportionate Share of the Net Pension Liability | $ 5,947,023 | $ 6,047,715 | $ 4,263,088 | $ 5,402,236 |
| District's Covered Payroll | $ 2,175,575 | $ 1,983,559 | $ 2,075,929 | $ 1,911,491 |
| District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll | 267% | 236% | 186% | 283% |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 65% | 62% | 75% | 67% |
| **FISCAL YEAR** | 6/30/24 | 6/30/23 | 6/30/22 | 6/30/21 |
| DISTRICT'S CONTRIBUTIONS | | | | |
| Statutorily Required Contribution | $ 450,786 | $ 419,577 | $ 392,602 | $ 401,566 |
| Contributions in Relation to the Statutorily Required Contribution | (450,786) | (419,577) | (392,602) | (401,566) |
| Contribution Deficiency (Excess) | $ - | $ - | $ - | $ - |
| District's Covered Payroll | $ 2,211,901 | $ 2,058,769 | $ 1,974,839 | $ 2,019,947 |
| Contributions as a Percentage of Covered Payroll | 20.38% | 20.38% | 19.88% | 19.88% |

| | | | | | | |
|---|---|---|---|---|---|---|
| | 12/31/19 | 12/31/18 | 12/31/17 | 12/31/16 | 12/31/15 | 12/31/14 |
| | 0.0315909723% | 0.0347787173% | 0.0413596313% | 0.0423412195% | 0.0453859193% | 0.0469715586% |
| | $ 4,719,623 | $ 6,158,286 | $ 13,374,234 | $ 12,606,618 | $ 6,941,456 | $ 6,366,224 |
| | 531,243 | 740,770 | - | - | - | - |
| | $ 5,250,866 | $ 6,899,056 | $ 13,374,234 | $ 12,606,618 | $ 6,941,456 | $ 6,366,224 |
| | $ 1,856,447 | $ 1,886,726 | $ 1,906,570 | $ 1,899,814 | $ 1,977,906 | $ 1,967,772 |
| | 254% | 326% | 701% | 664% | 351% | 324% |
| | 65% | 57% | 44% | 43% | 59% | 63% |
| | 06/30/20 | 06/30/19 | 06/30/18 | 06/30/17 | 06/30/16 | 06/30/15 |
| | $ 368,691 | $ 358,864 | $ 364,185 | $ 347,543 | $ 364,185 | $ 338,564 |
| | (368,691) | (358,864) | (364,185) | (347,543) | (364,185) | (338,564) |
| | $ - | $ - | $ - | $ - | $ - | $ - |
| | $ 1,902,427 | $ 1,875,919 | $ 1,929,060 | $ 1,890,886 | $ 1,977,906 | $ 2,005,189 |
| | 19.38% | 19.13% | 18.88% | 18.38% | 18.41% | 16.88% |

**SAN MIGUEL COUNTY SCHOOL DISTRICT R-2J**

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY AND CONTRIBUTIONS

PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION OF COLORADO HEALTH CARE TRUST FUND

June 30, 2024

| **MEASUREMENT YEAR** | 12/31/23 | 12/31/22 | 12/31/21 | 12/31/20 |
|---|---|---|---|---|
| PROPORTIONATE SHARE OF THE NET OPEB LIABILITY | | | | |
| District's Proportion of the Net OPEB Liability | 0.0196876177% | 0.0195469761% | 0.0216878789% | 0.0206704441% |
| District's Proportionate Share of the Net OPEB Liability | $ 140,516 | $ 159,597 | $ 187,016 | $ 196,416 |
| District's Covered Payroll | $ 2,175,575 | $ 1,983,559 | $ 2,075,929 | $ 1,911,491 |
| District's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll | 6% | 8% | 9% | 10% |
| Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability | 46% | 39% | 39% | 33% |
| **FISCAL YEAR** | 6/30/24 | 6/30/23 | 6/30/22 | 6/30/21 |
| DISTRICT'S CONTRIBUTIONS | | | | |
| Statutorily Required Contribution | $ 22,561 | $ 20,999 | $ 20,143 | $ 20,603 |
| Contributions in Relation to the Statutorily Required Contribution | (22,561) | (20,999) | (20,143) | (20,603) |
| Contribution Deficiency (Excess) | $ - | $ - | $ - | $ - |
| District's Covered Payroll | $ 2,211,901 | $ 2,058,769 | $ 1,974,839 | $ 2,019,947 |
| Contributions as a Percentage of Covered Payroll | 1.02% | 1.02% | 1.02% | 1.02% |

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

| | 12/31/19 | 12/31/18 | 12/31/17 |
|---|---|---|---|
| | 0.0206464997% | 0.0226063407% | 0.0235003809% |
| | $ 1,191,933 | $ 1,448,212 | $ 1,398,864 |
| | $ 1,856,447 | $ 1,886,726 | $ 1,906,570 |
| | 64% | 77% | 73% |
| | 24% | 17% | 10% |

| | 6/30/20 | 6/30/19 | 6/30/18 |
|---|---|---|---|
| | $ 19,405 | $ 19,134 | $ 19,676 |
| | (19,405) | (19,134) | (19,676) |
| | $ - | $ - | $ - |
| | $ 1,902,427 | $ 1,875,919 | $ 1,929,060 |
| | 1.02% | 1.02% | 1.02% |

## NOTE 1: Stewardship, Compliance, and Accountability

### Budgetary Information

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

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

### Budget Compliance

At June 30, 2024, the School's Debt Service Fund actual expenditures exceeded budgeted expenditures by $500. This may be a violation of state statutes.

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

*STDF Plan* - Senate Bill (SB) 23-056, enacted and effective June 2, 2023, intended to recompense PERA for the remaining portion of the $225 million direct distribution originally scheduled for receipt July 1, 2020, suspended due to the enactment of House Bill (HB) 20-1379, but not fully repaid through the provisions within HB 22-1029. Pursuant to SB 23-056, the State Treasurer issued a warrant consisting of the balance of the PERA Payment Cash Fund, created in §24-51-416, plus $10 million from the General Fund, totaling $14.561 million.

As of the December 31, 2023, measurement date, the total pension liability (TPL) recognizes the change in the default method applied for granting service accruals for certain members, from a "12-pay" method to a "non-12-pay" method. The default service accrual method for positions with an employment pattern of at least eight months but fewer than 12 months (including but not limited to positions in the School and DPS Divisions) receive a higher ratio of service credit for each month worked, up to a maximum of 12 months of service credit per year.

*HCTF Plan* - As of the December 31, 2023, measurement date, the fiduciary net position (FNP) and related disclosure components for the Health Care Trust Fund (HCTF) reflect payments related to the disaffiliation of Tri-County Health Department (Tri-County Health) as a PERA-affiliated employer, effective December 31, 2022. As of the December 31, 2023, year-end, PERA recognized two additions for accounting and financial reporting purposes: a $24 million payment received on December 4, 2023, and a $2 million receivable. The employer disaffiliation payment and receivable allocations to the HCTF and Local Government Division Trust Fund were $1.033 million and $24.967 million, respectively.

## NOTE 3: Changes in Assumptions and Other Inputs

No changes made to the actuarial methods or assumptions.

# SUPPLEMENTARY INFORMATION

**SAN MIGUEL COUNTY SCHOOL DISTRICT R-2J**

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

June 30, 2024

| | FOOD SERVICE | DEBT SERVICE | STUDENT ACTIVITY | TOTAL |
|---|---|---|---|---|
| ASSETS | | | | |
| Cash and Investments | $ 30,845 | $ 124,090 | $ 95,752 | $ 250,687 |
| Inventories | 11,876 | - | - | 11,876 |
| TOTAL ASSETS | $ 42,721 | $ 124,090 | $ 95,752 | $ 262,563 |
| LIABLITIES AND FUND BALANCES | | | | |
| LIABILITIES | | | | |
| Accrued Salaries and Benefits | $ 1,388 | $ - | $ - | $ 1,388 |
| FUND BALANCES | | | | |
| Nonspendable Inventories | 11,876 | - | - | 11,876 |
| Restricted for: | | | | |
| Debt Service | - | 124,090 | - | 124,090 |
| Food Service | 29,457 | - | - | 29,457 |
| Assigned to Student Activities | - | - | 95,752 | 95,752 |
| TOTAL FUND BALANCES | 41,333 | 124,090 | 95,752 | 261,175 |
| TOTAL LIABILITIES AND FUND BALANCES | $ 42,721 | $ 124,090 | $ 95,752 | $ 262,563 |

**SAN MIGUEL COUNTY SCHOOL DISTRICT R-2J**

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

Year Ended June 30, 2024

| | FOOD SERVICE | DEBT SERVICE | STUDENT ACTIVITY | TOTAL |
|---|---|---|---|---|
| REVENUES | | | | |
| Local Sources | $ 7,177 | $ 5,681 | $ 43,947 | $ 56,805 |
| State Sources | 35,400 | - | - | 35,400 |
| Federal Sources | 63,220 | - | - | 63,220 |
| TOTAL REVENUES | 105,797 | 5,681 | 43,947 | 155,425 |
| EXPENDITURES | | | | |
| Current | | | | |
| Food Service | 148,607 | - | - | 148,607 |
| Debt Service | | | | |
| Interest and Fiscal Charges | - | 500 | - | 500 |
| TOTAL EXPENDITURES | 148,607 | 500 | 58,059 | 207,166 |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | (42,810) | 5,181 | (14,112) | (51,741) |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers In | 690 | - | - | 690 |
| CHANGE IN FUND BALANCES | (42,120) | 5,181 | (14,112) | (51,051) |
| FUND BALANCES, Beginning | 83,453 | 118,909 | 109,864 | 312,226 |
| FUND BALANCES, Ending | $ 41,333 | $ 124,090 | $ 95,752 | $ 261,175 |

**SAN MIGUEL COUNTY SCHOOL DISTRICT R-2J**
BUDGETARY COMPARISON SCHEDULE
FOOD SERVICE FUND
Year Ended June 30, 2024

| | BUDGET ORIGINAL | BUDGET FINAL | ACTUAL | VARIANCE Positive (Negative) |
|---|---|---|---|---|
| REVENUES | | | | |
| Local Sources | $ 4,500 | $ 4,500 | $ 7,177 | $ 2,677 |
| State Grants | 25,000 | 25,000 | 35,400 | 10,400 |
| Federal Grants | 75,000 | 75,000 | 63,220 | (11,780) |
| TOTAL REVENUES | 104,500 | 104,500 | 105,797 | 1,297 |
| EXPENDITURES | | | | |
| Current | | | | |
| Salaries | 91,000 | 87,150 | 74,108 | 13,042 |
| Benefits | 20,679 | 39,134 | 33,846 | 5,288 |
| Purchased Services | 4,000 | 4,000 | 134 | 3,866 |
| Supplies and Materials | 40,200 | 40,200 | 37,125 | 3,075 |
| Other | - | - | - | - |
| Capital Outlay | 4,800 | 4,800 | 3,394 | 1,406 |
| TOTAL EXPENDITURES | 160,679 | 175,284 | 148,607 | 26,677 |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | (56,179) | (70,784) | (42,810) | 27,974 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers In | - | - | 690 | 690 |
| CHANGE IN FUND BALANCE | (56,179) | (70,784) | (42,120) | 28,664 |
| FUND BALANCE, Beginning | 2,753,525 | 2,219,037 | 83,453 | (2,135,584) |
| FUND BALANCE, Ending | $ 2,697,346 | $ 2,148,253 | $ 41,333 | $ (2,106,920) |

**SAN MIGUEL COUNTY SCHOOL DISTRICT R-2J**
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
Year Ended June 30, 2024

| | BUDGET ORIGINAL | BUDGET FINAL | ACTUAL | VARIANCE Positive (Negative) |
|---|---|---|---|---|
| REVENUES | | | | |
| Local Sources | | | | |
| Investment Income | $ 4,200 | $ 4,200 | $ 5,681 | $ 1,481 |
| TOTAL REVENUES | 4,200 | 4,200 | 5,681 | 1,481 |
| EXPENDITURES | | | | |
| Debt Service | | | | |
| Interest and Fiscal Charges | - | - | 500 | (500) |
| TOTAL EXPENDITURES | - | - | 500 | (500) |
| CHANGE IN FUND BALANCE | 4,200 | 4,200 | 5,181 | 981 |
| FUND BALANCE, Beginning | 193,754 | 118,909 | 118,909 | - |
| FUND BALANCE, Ending | $ 197,954 | $ 123,109 | $ 124,090 | $ 981 |

**SAN MIGUEL COUNTY SCHOOL DISTRICT R-2J**
BUDGETARY COMPARISON SCHEDULE
STUDENT ACTIVITIES FUND
Year Ended June 30, 2024

| | BUDGET ORIGINAL | BUDGET FINAL | ACTUAL | VARIANCE Positive (Negative) |
|---|---|---|---|---|
| REVENUES | | | | |
| Local Sources | | | | |
| Athletic Activity Fees | $ 100,000 | $ 100,000 | $ 43,947 | $ (56,053) |
| TOTAL REVENUES | 100,000 | 100,000 | 43,947 | (56,053) |
| EXPENDITURES | | | | |
| Current | | | | |
| Instruction | 100,000 | 100,000 | 58,059 | 41,941 |
| CHANGE IN FUND BALANCE | - | - | (14,112) | (14,112) |
| FUND BALANCE, Beginning | 96,847 | 109,864 | 109,864 | - |
| FUND BALANCE, Ending | $ 96,847 | $ 109,864 | $ 95,752 | $ (14,112) |

# COMPLIANCE SECTION

# STATE COMPLIANCE