

cPa DIXON, WALLER & CO., INC.

SANGRE DE CRISTO SCHOOL DISTRICT

NUMBER RE-22J

MOSCA, COLORADO

FINANCIAL STATEMENTS

JUNE 30, 2023

DIXON, WALLER & CO., INC.

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SANGRE DE CRISTO SCHOOL DISTRICT NUMBER RE-22J

FINANCIAL STATEMENTS

JUNE 30, 2023

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**SANGRE DE CRISTO SCHOOL DISTRICT NUMBER RE-22J
ROSTER OF SCHOOL OFFICIALS
June 30, 2023**

BOARD OF EDUCATION

Mark Beiriger	President
Stacy Eskew	Vice-President
Ray Newmyer	Secretary/Treasurer
Lance D. Curtis	Member
Jess Freel	Member

SCHOOL OFFICIALS

David Crews	Superintendent
Brenda Mixon	Business Manager

FINANCIAL SECTION

164 E. MAIN
TRINIDAD, COLORADO 81082
(719) 846-9241 FAX (719) 846-3352

INDEPENDENT AUDITOR'S REPORT

Board of Education
Sangre de Cristo School District Number RE-22J
Mosca, Colorado 81146

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Sangre de Cristo School District Number RE-22J, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Sangre de Cristo School District Number RE-22J's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Sangre de Cristo School District Number RE-22J, as of June 30, 2023, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 Sangre de Cristo School District Number RE-22J, 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 Sangre de Cristo School District Number RE-22J's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Sangre de Cristo School District Number RE-22J'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 Sangre de Cristo School District Number RE-22J's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Sangre de Cristo School District Number RE-22J's basic financial statements. The accompanying combining and individual fund financial statements, other schedules, state required schedules, and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 20, 2023, on our consideration of Sangre de Cristo School District Number RE-22J's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Sangre de Cristo School District Number RE-22J's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Sangre de Cristo School District Number RE-22J's internal control over financial reporting and compliance.

Diya, Waller & Co, Inc.

October 20, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

Sangre de Cristo School

District Re – 22 J

8751 Lane 7 North

Mosca, CO 81146

(719) 378-2310

Management's
Discussion & Analysis

2022-2023
Financial Statement

Sangre de Cristo School District RE - 22 J

Management's Discussion and Analysis

The discussion and analysis of Sangre de Cristo School District RE - 22 J's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2023.

The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should review the information presented here in conjunction with the notes to the basic financial statements and to enhance their understanding of the District's performance.

The Management Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standard Board (GASB) in their Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments, issued in June 1999. The GASB requires certain comparative information between the current year and the prior year to be presented in the MD&A.

Financial Highlights

- The assets of Sangre de Cristo School District RE – 22 J exceeded its liabilities at the close of June 30, 2023 by **\$11,221,530**. Net position is less than than previous year by **\$437,049** due to **PERA Pension and OPEB Liability changes along with associated deferred flow**.
- The District's governmental activities total net position decreased by **\$437,049** due in large part to **change in net Pension and OPEB liability, and related deferred flows**.
- Expenses from governmental activities of **\$6,145,489** were offset by program specific charges, grants and contributions of **1,479,494**. General revenues from property taxes and state equalization amounted to **\$3,862,533**
- The General Fund reported a fund balance of **\$1,806,432** at the close of June 30, 2023, a decrease of **\$99,294** from prior year. The overall total of all governmental funds balance was **\$2,869,724** at the fiscal year end. The District, strives to adopt a balanced budget which will both meet and exceed the needs of the students, and still build up a stable foundation for the future capital construction needs of the District.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis serves as an introduction to Sangre de Cristo School District Re-22J's basic financial statements. The basic financial statements consist of three parts – management's discussion and analysis (this section), the basic financial statements and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District.

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

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

- The governmental funds statements tell how general government services were financed in the short-term as well as what remains for future spending.
- Proprietary/Enterprise fund statements offer short and long term financial information about the activities that the district operates like businesses, such as food service.
- Fiduciary fund statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. The Flow Chart (Figure A-1) below shows how the required parts of this annual report are arranged and how they relate to one another.

Table A-1

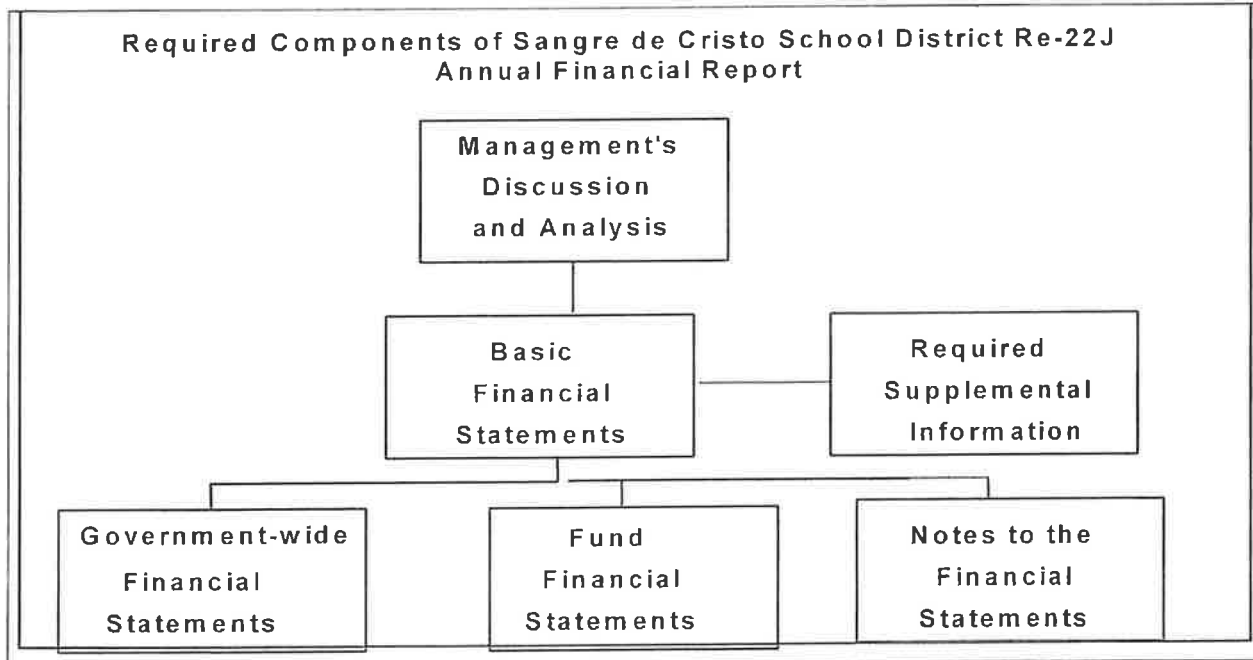


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District government they cover and the types of information they contain. The remainder of the overview section of the management’s discussion and analysis explains the structure and contents of each of the statements.

Table A-2

Major Features of Sangre de Cristo School District Re-22J Government-wide and Fund Financial Statements				
	Government-wide Statements	Fund Statements		Fiduciary Funds
		Governmental Funds	Proprietary Funds	
Scope	Entire District government (except fiduciary funds and the district's component units)	The activities of the District that are not proprietary or fiduciary, such as elementary and high school education programs.	Activities the District operates similar to private businesses, i.e. the food service operation.	Instances in which the District is the trustee or agent for someone else's resources.
Required Financial Statements	*Statement of Net Assets *Statement of Activities	*Balance Sheet *Statement of Revenues, Expenditures and Changes in Fund Balances	*Statement of Net Assets *Statement of Revenues, Expenses and Changes in Fund Net Assets *Statement of Cash Flows	*Statement of Fiduciary Net Assets
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of Asset/Liability Information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included.	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; the District's funds do not currently contain capital assets although they can.
Type of Inflow/Outflow Information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter.	All revenues and expenses during year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid

Government-wide Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. They consist of two statements:

The statement of net position presents information on all of the District’s assets and liabilities with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of changes in the financial position of the District.

The statement of activities presents information reporting how the District’s net position changed during the fiscal year 2022-2023. 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 result in cash flows for future fiscal periods. Earned but unused vacation leave and uncollected taxes are examples of these types of items.

The government-wide financial statements of the District are reported in two categories:

- **Governmental Activities** - This category includes the District's basic instructional services, such as elementary and high school educational programs, support services (guidance counselor, executive administration, board of education, fiscal services, etc.), debt service payments, extracurricular activities (sports, clubs, etc.) and capital equipment purchases. Property taxes, state grants, federal grants and interest earnings finance most of these activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's most significant funds – not the District as a whole. Funds are accounting devices that the District uses to keep track of specific sources of funding and spending for particular purposes. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All District funds can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

Sangre de Cristo School District Re-22J maintains five 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 (including the Preschool Fund), Bond Redemption Fund, and Capital Projects Fund.

Proprietary Funds – Services for which the District charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both short- and long-term financial information. There are currently no proprietary funds maintained by the District.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government, such as scholarship funds and student activity funds. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes and by those to whom the assets belong. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. We exclude these activities from the District's government-wide financial statements because the District cannot use these assets to finance its operations.

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 12-44 of this report.

Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents supplementary information. Supplementary information includes combining statements mentioned earlier in connection with non-major governmental funds as well as budget-to-actual information for all funds as dictated by state law. A budgetary comparison schedule has been provided on pages 44-46 for the General Fund to demonstrate compliance.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

This section will explain the differences between the current and prior year's assets, liabilities, and changes in net position.

Table A-3 below provides a summary of the District's net position as of June 30, 2023

NET POSITION	Table A-3					
	2023			2022		
	Governmental Activities	Business Type Activities	Total	Governmental Activities	Business Type Activities	Total
ASSETS						
Current and Other Assets	3,288,722	-	3,288,722	3,342,935	-	3,342,935
Capital Assets	15,775,745	-	15,775,745	16,425,754	-	16,425,754
Total Assets	19,064,467	-	19,064,467	19,768,689	-	19,768,689
DEFERRED OUTFLOW OF RESOURCES	1,346,031	-	1,346,031	1,197,970	-	1,197,970
LIABILITIES						
Current and Other Liabilities	660,591	-	660,591	591,267	-	591,267
Long Term Liabilities	1,655,000	-	1,655,000	1,895,000	-	1,895,000
Net Pension and OPEB Liability	5,831,478	-	5,831,478	4,532,294	-	4,532,294
Total Liabilities	8,147,069	-	8,147,069	7,018,561	-	7,018,561
DEFERRED INFLOW OF RESOURCES	1,041,899	-	1,041,899	2,289,519	-	2,289,519
NET POSITION						
Net Investment in Capital Assets	17,169,467	-	17,169,467	14,300,754	-	14,300,754
Restricted for:						
Tabor Reserve	140,000	-	140,000	140,000	-	140,000
BEST Grant Reserve	290,630	-	290,630	262,383	-	262,383
Debt Service	554,902	-	554,902	532,261	-	532,261
Preschool	-	-	-	-	-	-
Food Service	-	-	-	27,495	-	27,495
Unrestricted	(6,933,469)	-	(6,933,469)	(3,604,314)	-	(3,604,314)
	11,221,530	-	11,221,530	11,658,579	-	11,658,579

The statement of net position reports all financial and capital resources. The statement presents the assets and liabilities in order of relative liquidity. The liabilities with average maturities greater than one year are reported in two components – the amount due within one year and the amount due in more than one year. The long-term liabilities of the district, consisting of compensated absences payable, payable and capital outlay certificates payable have been reported in this manner on the statement of net position. The difference between the district's assets and liabilities is its net position.

Changes in Net Position

The change in revenue and expenditures for governmental activities is overall insignificant.

The District's revenues totaled \$5,611,943 (See Table A-4). Approximately 35% of the District's revenue came from property and other taxes, with 41% coming from state equalization funding.

The total cost of all programs and services was \$6,048,992. The District's expenses cover a range of services, encompassing instruction, support services and food services.

Table A-4

Sangre de Cristo School District Re-22J						
Condensed Statement of Changes in Net Position as of June 30, 2023						
Changes in Net Position	2023			2022		
	Governmental Activities	Business Type Activities	Total	Governmental Activities	Business Type Activities	Total
Revenues						
Charges for Services	37,596	-	37,596	47,196	-	47,196
Operating Grants and Contributions	1,441,898	-	1,441,898	966,609	-	966,609
Capital Grants and Contributions	-	-	-	108,239	-	108,239
Property taxes	1,539,513	-	1,539,513	1,495,494	-	1,495,494
Specific Ownership Taxes	214,981	-	214,981	209,293	-	209,293
Equalization	2,108,039	-	2,108,039	1,982,869	-	1,982,869
Earnings on investments	24,321	-	24,321	4,258	-	4,258
Other Revenues	245,595	-	245,595	84,589	-	84,589
TOTAL REVENUES	5,611,943	-	5,611,943	4,898,547	-	4,898,547
Expenses						
Instructional services	2,597,111	-	2,597,111	3,117,186	-	3,117,186
Students	348,671	-	348,671	259,735	-	259,735
Instructional staff	479,578	-	479,578	67,362	-	67,362
District administration	218,808	-	218,808	215,929	-	215,929
School administration	249,056	-	249,056	233,829	-	233,829
Business	69,566	-	69,566	62,396	-	62,396
Operation and maintenance of facilities	434,329	-	434,329	547,488	-	547,488
Transportation	380,054	-	380,054	246,786	-	246,786
Central	990,596	-	990,596	179,160	-	179,160
Capital outlay	-	-	-	229,306	-	229,306
Interest	82,321	-	82,321	92,259	-	92,259
Pension and OPEB	(96,497)	-	(96,497)	(1,686,427)	-	(1,686,427)
Food Service	295,399	-	295,399	266,272	-	266,272
TOTAL EXPENSES	6,048,992	-	6,048,992	3,831,281	-	3,831,281
Increase (Decrease) in Net Position	(437,049)	-	(437,049)	1,067,266	-	1,067,266

Governmental Activities

The primary source of operating revenue for school districts comes from the Colorado School Finance Act of 1994. Under this act, the School District received \$13,973.05 per funded student. In FY 2022-2023, the funded pupil count was 257.7 FTE. Funding for the Colorado School Finance Act comes from property taxes, specific ownership taxes and state equalization. The School District received approximately 41 percent of its funding from state equalization and 35 percent from local property taxes and specific ownership taxes.

The statement of activities provides the cost of program services and the related charges for services and grants offsetting those costs. The following list describes the total cost of services.

Governmental Activities by Major Function

	2023		2022	
	Total Cost of Service	Net Cost of Service	Total Cost of Service	Net Cost of Service
Instructional services	2,597,111	2,054,886	3,117,186	2,606,893
Students	348,671	238,808	259,735	158,176
Instructional staff	479,578	459,079	67,362	67,152
District administration	218,808	212,403	215,929	213,631
School administration	249,056	240,650	233,829	230,708
Business	69,566	66,533	62,396	61,354
Operation and maintenance of facilities	434,329	424,593	547,488	401,281
Transportation	380,054	339,840	246,786	208,623
Central	990,596	413,391	179,160	177,518
Capital outlay	-	-	229,306	121,067
Interest	82,321	82,321	92,259	92,259
Pension and OPEB	(96,497)	(96,497)	(1,686,427)	1,686,427
Food Service	295,399	133,491	266,272	57,002
Total	<u>6,048,992</u>	<u>4,569,498</u>	<u>3,831,281</u>	<u>6,082,091</u>

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Governmental Funds

The focus of the District's governmental funds report is to provide information on near term inflow; outflows and balances of spend able resources. Such information is useful in assessing the District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the District's net resources available for spending at the end of the fiscal year.

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Sangre de Cristo School District, net position was **\$11,221,530** at the close of business June 30, 2023, a decrease of **\$437,049**.

General Fund

The General Fund is the major operating fund of the District, providing the majority of the resources for the educational and support programs. The Board of Education approves a budget in June based on enrollment projection for the following school year.

Actual revenues for the General Fund totaled **\$4,854,06** which was **\$445,228 less** than the final budget. The actual expenditures of **\$5,027,365** were below budget by **\$2,440,298**. The District's General Fund's fund balance decreased by **\$99,294**. The **\$1,806,432** fund balance as of June 30, 2023 includes **\$140,000** reserved for Tabor and **\$376,944** of accrued salaries and benefits.

General Fund Budgetary Highlights

The 2022-2023 budget development process was impacted by the administrator. The Board adopted the first preliminary budget in June of 2022. Throughout the course of the school year the administration worked diligently to accurately reflect the financial status of the district. In January of 2023, the final budget was approved by the Board of Education.

At the close of business on June 30, 2023 actual General Fund expenditures were **\$2,440,298** less than the budgeted amount and actual revenues were less than the budgeted amount by **\$445,288**.

Capital Reserve Capital Projects Fund

This fund is to be used to account for the purposes and limitations specified by Section 22-45-103(1) ©, C.R.S., including the acquisition of sites, buildings, equipment, and vehicles. Revenues were **\$895** with an ending fund balance of **\$320,089**.

Bond Redemption Fund

This fund is used to account for the accumulation of resources for and the payment of principal, interest, and related expenses for the district's Bond that our voters passed in November 2009 to **match funds** for the BEST Grant district was awarded the amount of **\$19,732,875**. Activity in this fund for FY22-23 is **\$336,254** in revenues, and **\$313,633** in expenditures.

Agency Funds

This consists of the Scholarship Fund. The Scholarship Fund is a Trust & Agency Fund with the assets held in trust. The total net assets in the Scholarship fund are **\$27,747**.

Next Year's Budget

The budget for the 2023-2024 school year will be greatly impacted by student enrollment numbers as well as legislative decision which could impact revenues. However, the administration feels confident that the budget development process and adoption of the budget will be a reflection of the district's anticipated revenues and expenditures.

Capital Assets and Debt Administration

The District's investments in capital assets for its governmental activities (net) as of June 30, 2023 amount to **\$15,775,745**. This is total cost of **\$24,683,962** less accumulated depreciation of **8,908,217** Sangre de Cristo School District assets are made up of the following:

See attached report – Capital Assets Note Disclosure

By the end of 2023 the District has invested **\$24,683,962** in a broad range of capital assets, including, land, buildings, (BEST Grant – new school building); various machinery, vehicles, and equipment.

Sangre de Cristo Re-22 J CAPITAL ASSETS

Land	\$32,667.00
Buildings & Site Improvements +	22,211,905
Vehicles & Equipment	2,065,976
	-
Food Service Equipment	373,414
Total Funds Capital Assets	<u><u>\$24,683,962</u></u>

Changes in Long-Term Debt

In November of 2008 our District's Voter's passed a bond to match funds for the BEST Grant to build a new school. The district was awarded \$19,732,875

The following is a summary of long-term obligation transactions of the District for the year ended June 30, 2023:

	Balance 07/01/2022	Additions	Deletions	Balance 06/30/2023	Due Within One Year
General Obligations Bonds Payable:					
Series 2009 G.O. Bonds	2,125,000	-	230,000	1,895,000	240,000
<u>Total Long-Term Obligations</u>	2,125,000	-	230,000	1,895,000	240,000

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Superintendent, Sangre de Cristo School District Re-22J, 8751 Lane 7 N. Mosca, CO. 81146.

BASIC FINANCIAL STATEMENTS

SANGRE DE CRISTO SCHOOL DISTRICT NUMBER RE-22J
STATEMENT OF NET POSITION
June 30, 2023

	<u>Governmental</u>	<u>Total</u>
<u>ASSETS</u>	<u>Activities</u>	
<u>Current Assets</u>		
Cash and Equivalents	3,055,956	3,055,956
Property Taxes Receivable	96,000	96,000
Accounts Receivable	2,084	2,084
Grants Receivable	121,722	121,722
Inventories	<u>12,960</u>	<u>12,960</u>
<u>Total Current Assets</u>	<u>3,288,722</u>	<u>3,288,722</u>
<u>Capital Assets:</u>		
Depreciable Assets	24,651,295	24,651,295
Accumulated Depreciation	(8,908,217)	(8,908,217)
Non-Depreciable Assets	<u>32,667</u>	<u>32,667</u>
<u>Capital Assets Net of Depreciation</u>	<u>15,775,745</u>	<u>15,775,745</u>
<u>TOTAL ASSETS</u>	<u>19,064,467</u>	<u>19,064,467</u>
 <u>DEFERRED OUTFLOW OF RESOURCES</u>		
Pension	1,316,530	1,316,530
Other Post Employment Benefits	<u>29,501</u>	<u>29,501</u>
<u>Total Deferred Outflow of Resources</u>	<u>1,346,031</u>	<u>1,346,031</u>
 <u>LIABILITIES</u>		
<u>Current Liabilities:</u>		
Accounts Payable	12,818	12,818
Accrued Salaries Payable	401,243	401,243
Accrued Interest	6,530	6,530
Unearned Grant Payments	-	-
General Obligation Bonds - Current	<u>240,000</u>	<u>240,000</u>
<u>Total Current Liabilities</u>	<u>660,591</u>	<u>660,591</u>
<u>Noncurrent Liabilities</u>		
General Obligation Bonds	1,655,000	1,655,000
Net Pension Obligation	5,639,348	5,639,348
Net Other Post Employment Benefits	<u>192,130</u>	<u>192,130</u>
<u>Total Noncurrent Liabilities</u>	<u>7,486,478</u>	<u>7,486,478</u>
<u>TOTAL LIABILITIES</u>	<u>8,147,069</u>	<u>8,147,069</u>
 <u>DEFERRED INFLOW OF RESOURCES</u>		
Pension	966,545	966,545
Other Post Employment Benefits	<u>75,354</u>	<u>75,354</u>
<u>Total Deferred Inflow of Resources</u>	<u>1,041,899</u>	<u>1,041,899</u>
 <u>NET POSITION</u>		
Net Investment in Capital Assets	17,169,467	17,169,467
Restricted for:		
BEST Grant Reserve	290,630	290,630
Preschool	-	-
TABOR (Emergencies)	140,000	140,000
Debt Service	554,902	554,902
Food Services	-	-
Unrestricted	<u>(6,933,469)</u>	<u>(6,933,469)</u>
<u>TOTAL NET POSITION</u>	<u>11,221,530</u>	<u>11,221,530</u>

The accompanying notes are an integral part of these financial statements.

SANGRE DE CRISTO SCHOOL DISTRICT NUMBER RE-22J
STATEMENT OF ACTIVITIES
For The Year Ended June 30, 2023

	<u>Program Revenues</u>			<u>Net (Expenses) Revenue and Changes</u>
<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants & Contributions</u>	<u>Capital Grants and Contributions</u>	<u>in Net Position</u>
				<u>Governmental Activities</u>
				<u>Total</u>
FUNCTIONS/PROGRAMS				
<u>Primary Government:</u>				
<u>Governmental Activities</u>				
Instruction	2,597,111	542,225	-	(2,054,886)
Pupil	348,671	109,863	-	(238,808)
Instructional Staff	479,578	20,499	-	(459,079)
General Administration	218,808	6,405	-	(212,403)
School Administration	249,056	8,406	-	(240,650)
Business	69,566	3,033	-	(66,533)
Operation & Maintenance	434,329	9,736	-	(424,593)
Student Transportation	380,054	40,214	-	(339,840)
Central Support	990,596	577,205	-	(413,391)
Food Service	295,399	124,312	-	(133,491)
Capital Outlay	-	-	-	-
Interest on Debt	82,321	-	-	(82,321)
<u>Total Governmental Activities</u>	<u>6,145,489</u>	<u>1,441,898</u>	<u>-</u>	<u>(4,665,995)</u>
<u>Total Primary Government</u>	<u>6,145,489</u>	<u>1,441,898</u>	<u>-</u>	<u>(4,665,995)</u>
<u>General Revenues</u>				
Local Property Taxes			1,539,513	1,539,513
Specific Ownership Taxes			214,981	214,981
School Finance Act			2,108,039	2,108,039
Earnings on Investments			24,321	24,321
Pension and OPEB Changes			96,497	96,497
Other			245,595	245,595
<u>Total General Revenues and Transfers</u>			<u>4,228,946</u>	<u>4,228,946</u>
<u>Change in Net Position</u>			<u>(437,049)</u>	<u>(437,049)</u>
<u>Net Position, Beginning</u>			<u>11,658,579</u>	<u>11,658,579</u>
<u>Net Position, Ending</u>			<u>11,221,530</u>	<u>11,221,530</u>

The accompanying notes are an integral part of these financial statements.

**SANGRE DE CRISTO SCHOOL DISTRICT NUMBER RE-22J
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2023**

	<u>General</u>	<u>Bond Redemption Debt Service Fund</u>	<u>Capital Reserve Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>					
Cash	2,061,915	548,855	320,089	125,097	3,055,956
Accounts Receivable	1,275	-	-	809	2,084
Inventories	-	-	-	12,960	12,960
Interfund Receivables	-	-	-	-	-
Property Taxes Receivable	74,000	22,000	-	-	96,000
Grants Receivable	110,091	-	-	11,631	121,722
<u>Total Assets</u>	<u>2,247,281</u>	<u>570,855</u>	<u>320,089</u>	<u>150,497</u>	<u>3,288,722</u>
<u>LIABILITIES</u>					
Accounts Payable	10,483	-	-	-	10,483
Interfund Payable	-	-	-	-	-
Unearned Grant Payments	-	-	-	-	-
Accrued Salaries Payable	376,944	-	-	24,299	401,243
Other Liabilities	-	-	-	2,335	2,335
<u>Total Liabilities</u>	<u>387,427</u>	<u>-</u>	<u>-</u>	<u>26,634</u>	<u>414,061</u>
<u>DEFERRED INFLOW OF RESOURCES</u>					
Property Tax	53,422	15,953	-	-	69,375
<u>FUND BALANCES:</u>					
Nonspendable:					
Inventories	-	-	-	12,960	12,960
Restricted:					
TABOR (Emergencies)	140,000	-	-	-	140,000
Preschool	-	-	-	-	-
Debt Service	-	554,902	-	-	554,902
BEST Capital Construction	-	-	-	-	-
Reserve	-	-	290,630	-	290,630
Capital Outlay	-	-	-	-	-
Food Service	-	-	-	-	-
Committed:					
Capital Outlay	-	-	29,459	-	29,459
Assigned:					
Student Activities	-	-	-	116,152	116,152
Unassigned:	1,666,432	-	-	(5,249)	1,661,183
<u>Total Fund Balances</u>	<u>1,806,432</u>	<u>554,902</u>	<u>320,089</u>	<u>123,863</u>	<u>2,805,286</u>
<u>TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</u>	<u>2,247,281</u>	<u>570,855</u>	<u>320,089</u>	<u>150,497</u>	<u>3,288,722</u>

The accompanying notes are an integral part of these financial statements.

**SANGRE DE CRISTO SCHOOL DISTRICT NUMBER RE-22J
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO STATEMENT OF NET POSITION
For the Year Ended June 30, 2023**

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

<u>TOTAL FUND BALANCE - GOVERNMENTAL FUNDS</u>	2,805,286
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$24,683,962 and the accumulated depreciation is \$8,908,217.	15,775,745
Property tax revenue is recognized when earned (claim to resources established) rather than when "available". All of the deferred property tax revenue is not available.	69,375
Accrued interest that is not due and payable on long term debt is not reported in the funds.	(6,530)
Long-term liabilities are not due and payable in the current period and, therefore, not reported in the funds.	
General Obligation Bonds	(1,895,000)
Net pension and other post employment benefits liabilities, along with associated deferred flows, are not recorded at the fund level:	
Net Pension Liability	(5,639,348)
Net Other Post Employment Benefits Liability	(192,130)
Deferred Outflows	1,346,031
Deferred Inflows	<u>(1,041,899)</u>
<u>TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES</u>	<u>11,221,530</u>

The accompanying notes are an integral part of these financial statements.

SANGRE DE CRISTO SCHOOL DISTRICT NUMBER RE-22J
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – GOVERNMENTAL FUNDS
For The Year Ended June 30, 2023

	<u>General Fund</u>	<u>Bond Redemption Debt Service Fund</u>	<u>Capital Reserve Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>REVENUES:</u>					
Taxes	1,487,046	320,063	-	-	1,807,109
Intergovernmental	3,277,152	-	-	125,688	3,402,840
Interest	3,057	16,191	895	10	20,153
Other	86,791	-	-	159,916	246,707
<u>Total Revenues</u>	<u>4,854,046</u>	<u>336,254</u>	<u>895</u>	<u>285,614</u>	<u>5,476,809</u>
<u>EXPENDITURES:</u>					
Instruction	2,009,274	-	-	22,223	2,031,497
Pupil	252,132	-	-	85,804	337,936
Instructional Staff	479,578	-	-	-	479,578
General Administration	218,726	-	-	-	218,726
School Administration	249,056	-	-	-	249,056
Business	69,566	-	-	-	69,566
Operations & Maintenance	428,193	-	-	-	428,193
Student Transportation	330,744	-	-	-	330,744
Central Support	990,096	500	-	-	990,596
Food Service	-	-	-	277,267	277,267
Debt Service	-	313,113	-	-	313,113
Capital Outlay	-	-	-	-	-
<u>Total Expenditures</u>	<u>5,027,365</u>	<u>313,613</u>	<u>-</u>	<u>385,294</u>	<u>5,726,272</u>
<u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u>	<u>(173,319)</u>	<u>22,641</u>	<u>895</u>	<u>(99,680)</u>	<u>(249,463)</u>
<u>OTHER FINANCING SOURCES (USES)</u>					
Operating Transfers In (Out)	(111,000)	-	31,000	80,000	-
Insurance Proceeds	185,025	-	-	-	185,025
<u>Total Other Financing Sources (Uses)</u>	<u>74,025</u>	<u>-</u>	<u>31,000</u>	<u>80,000</u>	<u>185,025</u>
<u>NET CHANGE IN FUND BALANCES</u>	<u>(99,294)</u>	<u>22,641</u>	<u>31,895</u>	<u>(19,680)</u>	<u>(64,438)</u>
<u>FUND BALANCES, Beginning</u>	<u>1,905,726</u>	<u>532,261</u>	<u>288,194</u>	<u>143,543</u>	<u>2,869,724</u>
<u>FUND BALANCES, Ending</u>	<u>1,806,432</u>	<u>554,902</u>	<u>320,089</u>	<u>123,863</u>	<u>2,805,286</u>

The accompanying notes are an integral part of these financial statements.

**SANGRE DE CRISTO SCHOOL DISTRICT NUMBER RE-22J
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For The Year Ended June 30, 2023**

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

CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS **(64,438)**

Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets with an initial, individual cost of more than \$5,000 are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.

Capital outlays more than \$5,000	8,510	
Depreciation expense	<u>(658,519)</u>	(650,009)

Property tax revenues received prior to the year for which they are being levied are not “available” at year end are reported as deferred revenue in the governmental funds. They are, however recorded as revenues in the statement of activities. (49,891)

The governmental funds report debt proceeds as an other financing source, while repayment of debt principal is reported as an expenditure. Interest expense is recognized as it accrues in the statement of activities regardless of when it is due. The net effect of these differences follows:

Accrued Interest	792	
Debt Payment	<u>230,000</u>	230,792

The increase in net pension and other post employment benefits liabilities, along with the changes and amortizations of deferred flows associated with those liabilities are not recorded at the fund level:

Pension Cost	70,703	
Other Post Employment Benefits Cost	<u>25,794</u>	<u>96,497</u>

CHANGE IN NET POSITION - GOVERNMENTAL ACTIVITIES **(437,049)**

The accompanying notes are an integral part of these financial statements.

SANGRE DE CRISTO SCHOOL DISTRICT NUMBER RE-22J
STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUND
June 30, 2023

	Private Purpose Trust <u>Scholarship</u>
<u>ASSETS</u>	
Cash	<u>27,747</u>
<u>Total Assets</u>	<u>27,747</u>
 <u>LIABILITIES</u>	
Accounts Payable	-
Due to Student Groups	-
<u>Total Liabilities</u>	<u>-</u>
 <u>NET POSITION</u>	
Held in Trust for Scholarships	<u>27,747</u>
<u>Total Net Position</u>	<u>27,747</u>

The accompanying notes are an integral part of these financial statements.

**SANGRE DE CRISTO SCHOOL DISTRICT NUMBER RE-22J
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUNDS
For The Year Ended June 30, 2023**

	Private Purpose Trust <u>Scholarship</u>
	<u>Actual</u>
<u>ADDITIONS</u>	
Local Receipts	<u>211</u>
<u>DEDUCTIONS</u>	
Disbursements	<u>5,143</u>
<u>CHANGES IN NET POSITION</u>	(4,932)
<u>NET POSITION, Beginning</u>	<u>32,679</u>
<u>NET POSITION, Ending</u>	<u>27,747</u>

The accompanying notes are an integral part of these financial statements.

NOTES TO BASIC FINANCIAL STATEMENTS

SANGRE DE CRISTO SCHOOL DISTRICT NUMBER RE-22J
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Sangre de Cristo School District Number RE-22J of Saguache and Alamosa Counties was reorganized by a vote of qualified electorate in 1959, under the provisions of the Colorado School Organization Act of 1957.

The District operates under an elected Board of Education with five members and provides educational services to approximately 260 students.

The District is the lowest level of government, which is considered to be financially accountable over all activities related to public school education in Sangre de Cristo School District Number RE-22J. The District receives funding from local, state, and federal government sources and must comply with the requirements of these funding source entities. The Board of Education members are elected by the public and have decision-making authority, the power to designate management, the ability to significantly influence operations, and primary accountability for fiscal matters.

A. Reporting Entity

Governmental Accounting Standards Board (GASB) Statement No. 14 (as amended by Statement No. 34, No. 39 and No. 61), "*The Financial Reporting Entity*" (GASB No. 14) describes the financial reporting entity as it relates to governmental accounting. According to this Statement, the financial reporting entity consists of a) the primary government, b) organizations for which the primary government is financially accountable, and c) other organizations whose exclusion from the reporting entity's financial statements would cause those statements to be misleading or incomplete. Any organizations that can be described by these last two items are included with the primary government in the financial statements as component units.

This District is not included in any other governmental "reporting entity" as defined in GASB No. 14 and does not include any other component unit as part of its "reporting entity". As required by accounting principles generally accepted in the USA, these basic financial statements present the District (the primary government) and its component units.

SANGRE DE CRISTO SCHOOL DISTRICT NUMBER RE-22J
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

NOTE 1 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

B. 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 of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds (General Fund, Bond Redemption Debt Service Fund and Capital Reserve Capital Projects Fund) and individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The government-wide financial statements are presented using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund 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.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the District's governmental and business-type activities. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, operating statements present increases and decreases in net current assets and unreserved fund balance as a measure of available spendable resources. This means that only current liabilities are generally included on their balance sheets.

SANGRE DE CRISTO SCHOOL DISTRICT NUMBER RE-22J
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Amounts reported as program revenues included 1) charges to customers or applicants for goods, services or privileges provided 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

All governmental fund types use the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period, or soon enough thereafter, to pay liabilities of the current period. Revenues are considered to be available to collect within 60 days after year-end.

Property taxes are reported as receivables and unearned revenue when levied and as revenues when due for collection in the following year and determined to be available.

Grants and entitlement revenues are recognized when compliance with matching requirements is met. A receivable is established when the related expenditures exceed revenue receipts.

Expenditures are recorded when the related fund liability is incurred with the exception of general obligation and capital lease debt service which is recognized when due and certain accrued sick and personal pay which are accounted for as expenditures when expected to be liquidated with expendable available financial resources.

The proprietary fund types are accounted for on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred. The measurement focus in these funds is on the flow of economic resources and emphasizes the determination of net income. All assets and all liabilities associated with their activity are included on their statement of net position. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net position.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing goods and services in connection with a proprietary fund's ongoing operations. The principal operating revenues of the District's proprietary funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

SANGRE DE CRISTO SCHOOL DISTRICT NUMBER RE-22J
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

NOTE 1 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

Fiduciary funds are used to account for assets held by the District in a trustee or agency capacity for others that cannot be used to support the districts own programs.

D. Fund Accounting

The accounts of the District are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, deferred flows, fund equity, revenues and expenditures, or expenses, as appropriate. Resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The major funds presented in the accompanying basic financial statements are as follows:

Major Governmental Funds

1. **General Fund** – the general operating fund of the District; used to account for all resources that are not required legally or by sound financial management to be accounted for in another fund.
2. **Capital Reserve Capital Projects Fund** – this fund accounts expenditures for construction, improvement of district buildings and other capital expenditures.
3. **Bond Redemption Debt Service Fund** – this fund accounts for the accumulation of resources for, and the payment of, long-term general obligation debt principal, interest and related costs.

Fiduciary Funds - Custodial

Scholarship Fund – The Scholarship Fund is a Private Purpose Trust Fund that is used to provide scholarship to eligible District students.

SANGRE DE CRISTO SCHOOL DISTRICT NUMBER RE-22J
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

NOTE 1 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

E. Cash and Investments

Cash represents amounts on deposit with financial institutions or held by the District. The District is allowed to invest in the following types of investments: short-term certificates of deposit, repurchase agreements, money market deposit accounts, mutual funds, government pools, and U.S. Treasury Obligations. The District considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Investments are recorded at fair value in accordance with GASB Statement No. 72 *Fair Value Measurement and Application*. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

F. Receivables

Property taxes levied in 2022 but uncollected in 2023 are identified as property taxes receivable. Amounts of property taxes that are not available at June 30, 2023 are recorded as deferred inflows in the fund financial statements, and are presented net of an allowance for uncollectible taxes. Program grants are recorded as receivables and revenues at the time reimbursable project costs are incurred.

G. Inventories

Materials and supplies inventories are stated at cost. Inventories recorded in the Food Services Fund consist of purchased and donated commodities. Purchased inventories are stated at cost. Donated inventories, received at no cost under a program supported by the Federal Government, are recorded at their estimated fair value at the date of receipt.

The cost of all inventories is recorded as an asset when the individual inventory items are purchased, and as an expenditure or expense when consumed.

H. Capital Assets

Capital assets, which include property, vehicles and equipment, are utilized for general District operations and are capitalized at actual or estimated cost. Donations of such assets are recorded at estimated fair value at the time of donation. Capital assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements.

Maintenance, repairs, and minor renovations are recorded as expenditures when incurred. Major additions and improvements are capitalized. When assets used in the operation of the governmental fund types are sold, the proceeds of the sale are recorded as revenues in the appropriate fund. The District does not capitalize interest on the construction of capital assets.

SANGRE DE CRISTO SCHOOL DISTRICT NUMBER RE-22J
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

NOTE 1 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

H. Capital Assets (Continued)

The monetary threshold for capitalization of assets is \$5,000. The District's capital assets are depreciated using the straight-line method over the estimated useful lives of the fixed assets (5-40 years). Depreciation of all capital assets is charged as an expense against their operations. Depreciation is recorded in the year of acquisition and any remaining depreciation is recorded in the year of disposition.

I. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long term debt and other long-term obligations are reported as liabilities in the applicable government activities, business-type activities, or proprietary fund type statement of net position. The District records long-term debt of governmental funds at the face value. The District's general obligation bonds are serviced from property taxes and other revenues of the Debt Service Fund. Capital leases are serviced from property taxes and other revenues of the General Fund and the Capital Reserve Capital Projects Fund. The long-term accumulated unpaid accrued sick leave is serviced from property taxes and other revenues by the respective fund type from future appropriations.

J. Constitutional Amendment

In November 1992, Colorado voters approved Article X of the Colorado Constitution by adding Section 20, commonly known as the Taxpayer's Bill of Rights (TABOR). TABOR contains revenue, spending, tax and debt limitations, which apply to the State of Colorado and local governments. It requires, with certain exceptions, advance voter approval for any new tax, tax rate increase, mill levy above that for the prior year, extension of an expiring tax, or tax policy change directly causing a net tax revenue gain to any entity.

On November 5, 1996 the registered voters approved a ballot resolution authorizing Sangre de Cristo School District Number RE-22J to collect, retain and expend all revenues from any source provided that no property tax mill levy be increased or any new tax be imposed.

Except for refinancing bonded debt at a lower interest rate or adding new employees to existing pension plans, TABOR requires advance voter approval for the creation of any multiple-fiscal year debt or other financial obligation unless adequate present cash reserves are pledged irrevocably and held for payments in all future years. TABOR requires local governments to establish emergency reserves to be used for declared emergencies only. Emergencies, as defined by TABOR, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. These reserves are required to be three percent or more of fiscal year spending (excluding bonded debt service). As of June 30, 2023, the District reserved \$140,000 for this purpose.

SANGRE DE CRISTO SCHOOL DISTRICT NUMBER RE-22J
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

NOTE 1 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

J. Constitutional Amendment (continued)

Spending and revenue limits are determined based on the prior fiscal year's spending adjusted for inflation in the prior calendar year plus annual increases in funded student enrollment. Fiscal year spending is generally defined as expenditures and reserve increases with certain exceptions.

K. Property Taxes

Under Colorado law, all property taxes are due and payable in the year following the year levied. The 2022 property tax calendar for Saguache and Alamosa Counties was as follows:

Levy Date	December 15, 2022
Lien Date	January 1, 2023
Tax Bills Mailed	January 1, 2023
First Installment Due	February 28, 2023
Second Installment Due	June 15, 2023
If Paid in Full, Due	April 30, 2023

L. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

M. GASB Statement No. 54

The Government Accounting Standards Board (GASB) has issued Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions (GASB 54). This statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes.

GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance categories list below.

1. Nonspendable such as fund balance associated with inventories, prepaids, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed, or assigned).

SANGRE DE CRISTO SCHOOL DISTRICT NUMBER RE-22J
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

NOTE 1 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

M. **GASB Statement No. 54 (Continued)**

2. **Restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.**
3. **Committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the School District Board of Directors (the District's highest level of decision-making authority).**
4. **Assigned fund balance classification is intended to be used by the government for specific purposes that do not meet the criteria to be classified as restricted or committed.**
5. **Unassigned fund balance is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications.**

Fund Balance Classification Policies and Procedures

Committed Fund Balance Policy:

The District's Committed Fund Balance is fund balance reporting required by the School Board, either because of a School Board Policy in the School Board Policy Manual, or because of motions that passed at School Board meetings.

Assigned Fund Balance Policy:

The District's Assigned Fund Balance is fund balance reporting occurring by School Board Administration authority, under the direction of the Chief Business Officer.

Order of Fund Balance Spending Policy

The District's policy is to apply expenditures against non-spendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance at the end of the fiscal year by adjusting journal entries.

First, non-spendable fund balances are determined. Then restricted fund balances for specific purposes are determined (not including non-spendable amounts). Then unrestricted fund balances are determined following the order of committed, assigned, and unassigned.

**SANGRE DE CRISTO SCHOOL DISTRICT NUMBER RE-22J
NOTES TO FINANCIAL STATEMENTS
June 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. GASB Statement No. 54 (Continued)

Fund Balance Classification by Fund:

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Food Services</u>	<u>Student Activity Fund</u>	<u>Capital Reserve Capital Project</u>	<u>Total Governmental Funds</u>
Nonspendable:						
Inventories	-	-	12,960	-	-	12,960
Restricted:						
Emergencies	140,000	-	-	-	-	140,000
Preschool	-	-	-	-	-	-
Debt Service	-	554,902	-	-	-	554,902
BEST Capital						
Construction						
Reserve	-	-	-	-	290,630	290,630
Capital Outlay	-	-	-	-	-	-
Food Services	-	-	-	-	-	-
Committed:						
Capital Outlay	-	-	-	-	29,459	29,459
Assigned:						
Student Activities	-	-	-	116,152	-	116,152
Unassigned:	<u>1,666,432</u>	<u>-</u>	<u>(5,249)</u>	<u>-</u>	<u>-</u>	<u>1,661,183</u>
<u>Total Fund</u>						
<u>Balances</u>	<u>1,806,432</u>	<u>554,902</u>	<u>7,711</u>	<u>116,152</u>	<u>320,089</u>	<u>2,805,286</u>

N. Deferred Outflows / Inflows of Resources

In addition to assets, the statement of financial position and the balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position and the balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

O. Recently Adopted Accounting Pronouncements:

On July 1, 2022 Sangre de Cristo School District Number RE-22J adopted GASB 96, Subscription-Based Information Technology Arrangements. The District will comply with GASB 96 on any long term subscription-based information technology arrangements that are individually or aggregately material to the financial statements.

SANGRE DE CRISTO SCHOOL DISTRICT NUMBER RE-22J
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

NOTE 2 **RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

The governmental funds balance sheet includes a reconciliation between *fund balances – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. Additionally, the governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net change in fund balances – total government funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities.

These reconciliations detail items that require adjustment to convert from the current resources measurement and modified accrual basis for governmental fund statements to the economic resources measurement and full accrual basis used for government-wide statements. However, certain items having no effect on measurement and basis were eliminated from the government fund statements during the consolidation of governmental activities. The items which were eliminated are as follows:

Interfund Receivables / Payables	-
Interfund Transfers	111,000

NOTE 3 **BUDGETARY INFORMATION**

Revenues and expenditures are controlled by budgetary accounting systems in accordance with various legal requirements. The budgeted revenues and expenditures represent the original adopted budget as subsequently adjusted by the Board of Education in accordance with Colorado School Laws. Budgets are generally prepared on the same basis as that used for accounting purposes.

The District has set procedures to be followed in establishing the budgetary data reflected in the financial statements:

1. Prior to June 1, the Business Manager submits to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public notices are released to obtain taxpayer comments.
3. Prior to June 30, the budget is legally enacted through passage of a resolution.
4. The Business Manager is authorized to transfer budgeted amounts between categories within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Board of Education.
5. Formal budgetary integration should be employed as a management control device during the year for the General Fund, Bond Redemption Fund, Special Revenue Funds and Capital Projects Funds.
6. Budgets for the General Fund, Bond Redemption Fund, Capital Projects Funds and Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).

SANGRE DE CRISTO SCHOOL DISTRICT NUMBER RE-22J
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

NOTE 3 **BUDGETARY INFORMATION (Continued)**

All appropriations lapse at the end of each fiscal year. Authorization to transfer budgeted 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 of Schools and may be delegated to an appropriate level of management. Revisions and/or supplemental appropriations that alter the total expenditures of any fund must be approved by the Board of Education.

Budgetary amounts reported in the accompanying basic financial statements are as originally adopted and amended by the Superintendent and/or the Board of Education throughout the year.

NOTE 4 **CASH**

Deposits

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

At June 30, 2023, the District's bank balance and corresponding carrying balance were as follows:

	<u>Carrying Balance</u>	<u>Bank Balance</u>
Insured (FDIC)	259,811	259,811
Uninsured, Collateralized under the Public Deposit Protection Act of the State of Colorado	2,177,851	2,210,352
Cash on Hand	3,072	-
Cash Equivalents	534,731	-
Cash with County Treasurer	<u>108,238</u>	<u>-</u>
 <u>Total Cash and Deposits</u>	 <u>3,083,703</u>	 <u>2,470,163</u>

Deposits with a bank balance of \$2,210,352 and a carrying balance of \$2,177,851 as of June 30, 2023 are uninsured, are exposed to custodial risk, and are collateralized with securities held by the pledging financial institution.

SANGRE DE CRISTO SCHOOL DISTRICT NUMBER RE-22J
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

NOTE 5 **CAPITAL ASSETS**

A summary of changes in capital assets is as follows:

	<u>Balance</u> <u>July 1, 2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2023</u>
<u>Capital Assets Not Being</u>				
<u>Depreciated:</u>				
Land	32,667	-	-	32,667
<u>Total Not Depreciated Assets</u>	<u>32,667</u>	<u>-</u>	<u>-</u>	<u>32,667</u>
<u>Depreciable Assets:</u>				
Building &				
Site Improvements	22,211,905	-	-	22,211,905
Equipment & Vehicles	2,057,466	8,510	-	2,065,976
Food Services	373,414	-	-	373,414
<u>Total Depreciable Assets</u>	<u>24,642,785</u>	<u>8,510</u>	<u>-</u>	<u>24,651,295</u>
<u>Less Accumulated</u>				
<u>Depreciation for:</u>				
Building &				
Site Improvements	6,222,025	552,573	-	6,774,598
Equipment & Vehicles	1,711,210	87,814	-	1,799,024
Food Services	316,463	18,132	-	334,595
<u>Total Accumulated</u>				
<u>Depreciation</u>	<u>8,249,698</u>	<u>658,519</u>	<u>-</u>	<u>8,908,217</u>
<u>Total Capital Assets, Net</u>	<u>16,425,754</u>	<u>(650,009)</u>	<u>-</u>	<u>15,775,745</u>

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

<u>Governmental Activities:</u>	
Instruction	574,124
Pupil	10,735
General Administration	82
Operation and Maintenance	6,136
Transportation	49,310
Food Services	<u>18,132</u>
<u>Total Depreciation Expense –Governmental Activities</u>	<u>658,519</u>

SANGRE DE CRISTO SCHOOL DISTRICT NUMBER RE-22J
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

NOTE 6 **LONG-TERM DEBT**

GENERAL OBLIGATION BONDS PAYABLE

Series 2009 General Obligation Bonds

These general obligation debts were issued August 12, 2009 for the purpose of constructing district Facilities. The Series 2009 Matching Money bonds of \$4,000,000 were used to match \$19,732,875 in State of Colorado – BEST program funds as required under the State of Colorado Building Excellent Schools Today Qualified School Construction Program. The Series 2009 Matching Money bonds were issued at an interest rate 4.135204%.

Annual debt service requirements to maturity for general government taxable and tax exempt bonds are as follows:

<u>General Obligation Bonds</u>	<u>Fiscal Year</u>	<u>Principal Payable</u>	<u>Interest Payable</u>	<u>Total</u>
General Obligation Bonds, Series 2009, Interest Payable June 1 and December 1, Original Amount 4,000,000 with “B” coupons in the amount of \$176,375				
	2024	240,000	73,396	313,396
	2025	250,000	63,265	313,265
	2026	260,000	52,721	312,721
	2027	270,000	41,764	311,764
	2028	280,000	30,392	310,392
	2029	290,000	18,608	308,608
	2030	<u>305,000</u>	<u>6,306</u>	<u>311,306</u>
	Totals	<u>1,895,000</u>	<u>286,452</u>	<u>2,181,452</u>

Changes in Long-Term Debt

The following is a summary of long-term obligation transactions of the District for the year ended June 30, 2023:

	<u>Balance 7/1/2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/2023</u>	<u>Due Within One Year</u>
General Obligation Bonds Payable:					
Series 2009 G.O. Bonds	<u>2,125,000</u>	<u>-</u>	<u>230,000</u>	<u>1,895,000</u>	<u>240,000</u>
<u>Total Long-Term Obligations</u>	<u>2,125,000</u>	<u>-</u>	<u>230,000</u>	<u>1,895,000</u>	<u>240,000</u>

NOTE 7 **COMPENSATED ABSENCES PAYABLE**

Upon termination of employment for reasons other than retirement, an employee who has had continuous employment in the District for a minimum of three years may be reimbursed for accumulated leave when leaving the District. Reimbursement will be at a rate of 50% of the current daily substitute’s pay rate for those days accumulated up to a maximum of 24 days. At June 30, 2023, the District did not have a material liability for compensated absences payable.

SANGRE DE CRISTO SCHOOL DISTRICT NUMBER RE-22J
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

NOTE 8 **PENSION PLAN**

Defined Benefit Pension Plan

Summary of Significant Accounting Policies

Pensions. Sangre de Cristo School District Number RE-22J participates in the School Division Trust Fund (SCHDTF), a cost-sharing multiple-employer defined benefit pension plan administered by the Public Employees' Retirement Association of Colorado (PERA). The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position (FNP) and additions to/deductions from the FNP of the SCHDTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

General Information about the Pension Plan

Plan description. Eligible employees of the Sangre de Cristo School District Number RE-22J are provided with pensions through the SCHDTF - a cost-sharing multiple-employer defined benefit pension plan administered by PERA. Plan benefits are specified in Title 24, Article 51 of the Colorado Revised Statutes (C.R.S.), administrative rules set forth at 8 C.C.R. 1502-1, and applicable provisions of the federal Internal Revenue Code. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available annual comprehensive financial report (ACFR) that can be obtained at www.copera.org/investments/pera-financial-reports.

Benefits provided as of December 31, 2022. PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. § 24-51-602, 604, 1713, and 1714.

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

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

The lifetime retirement benefit for all eligible retiring employees under the Denver Public Schools (DPS) benefit structure is the greater of the:

- Highest average salary multiplied by 2.5% and then multiplied by years of service credit.
- \$15 times the first 10 years of service credit plus \$20 times service credit over 10 years plus a monthly amount equal to the annuitized member contribution account balance based on life expectancy and other actuarial factors.

SANGRE DE CRISTO SCHOOL DISTRICT NUMBER RE-22J
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

NOTE 8 **PENSION PLAN (Continued)**

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

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

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

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

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

Contributions provisions as of June 30, 2023: Eligible employees of, Sangre de Cristo School District Number RE-22J and the State are required to contribute to the SCHDTF at a rate set by Colorado statute. The contribution requirements for the SCHDTF are established under C.R.S. § 24-51-401, *et seq.* and § 24-51-413. Eligible employees are required to contribute 11.00% of their PERA-includable salary during the period of July 1, 2022 through June 30, 2023. Employer contribution requirements are summarized in the table below.

	July 1, 2022 Through June 30, 2023
Employer contribution rate	11.40%
Amount of employer contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f)	(1.02)%
Amount apportioned to the SCHDTF	10.38%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	4.50%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	5.50%
Total employer contribution rate to the SCHDTF	20.38%

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

**SANGRE DE CRISTO SCHOOL DISTRICT NUMBER RE-22J
 NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2023**

NOTE 8 PENSION PLAN (Continued)

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the Sangre de Cristo School District Number RE-22J is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from Sangre de Cristo School District Number RE-22J were \$495,234 for the year ended June 30, 2023.

For purposes of GASB 68 paragraph 15, a circumstance exists in which a nonemployer contributing entity is legally responsible for making contributions to the SCHDTF and is considered to meet the definition of a special funding situation. As specified in C.R.S. § 24-51-414, the State is required to contribute a \$225 million (actual dollars) direct distribution each year to PERA starting on July 1, 2018. A portion of the direct distribution payment is allocated to the SCHDTF based on the proportionate amount of annual payroll of the SCHDTF to the total annual payroll of the SCHDTF, State Division Trust Fund, Judicial Division Trust Fund, and Denver Public Schools Division Trust Fund. House Bill (HB) 22-1029, instructed the State treasurer to issue an additional direct distribution to PERA in the amount of \$380 million (actual dollars), upon enactment. The July 1, 2023, payment is reduced by \$190 million (actual dollars) to \$35 million (actual dollars). The July 1, 2024, payment will not be reduced due to PERA's negative investment return in 2022. Senate Bill (SB) 23-056, enacted June 2, 2023, requires an additional direct distribution of approximately \$14.5 million (actual dollars), for a total of approximately \$49.5 million (actual dollars) to be contributed July 1, 2023.

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

The net pension liability for the SCHDTF was measured as of December 31, 2022, and the total pension liability (TPL) used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021. Standard update procedures were used to roll-forward the TPL to December 31, 2022. The Sangre de Cristo School District Number RE-22J proportion of the net pension liability was based on Sangre de Cristo School District Number RE-22J contributions to the SCHDTF for the calendar year 2022 relative to the total contributions of participating employers and the State as a nonemployer contributing entity.

At June 30, 2023, the Sangre de Cristo School District Number RE-22J reported a liability of \$5,639,348 for its proportionate share of the net pension liability that reflected an increase for support from the State as a nonemployer contributing entity. The amount recognized by the Sangre de Cristo School District Number RE-22J as its proportionate share of the net pension liability, the related support from the State as a nonemployer contributing entity, and the total portion of the net pension liability that was associated with Sangre de Cristo School District Number RE-22J were as follows:

Sangre de Cristo School District Number RE-22J proportionate share of the net pension liability	\$ 5,639,348
The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the Sangre de Cristo School District Number RE-22J	\$ 1,643,363
Total	\$ 7,282,711

SANGRE DE CRISTO SCHOOL DISTRICT NUMBER RE-22J
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

NOTE 8 **PENSION PLAN (Continued)**

At December 31, 2022, the Sangre de Cristo School District Number RE-22J proportion was 0.0309%, which was a decrease of 0.006% from its proportion measured as of December 31, 2021.

For the year ended June 30, 2023, the Sangre de Cristo School District Number RE-22J recognized pension income of \$70,703 and revenue of \$140,136 for support from the State as a nonemployer contributing entity. At June 30, 2023, the Sangre de Cristo School District Number RE-22J reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	53,370	-
Changes of assumptions or other inputs	99,891	-
Net difference between projected and actual earnings on pension plan investments	757,572	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	165,726	(966,545)
Contributions subsequent to the measurement date	239,971	N/A
Total	1,316,530	(966,545)

\$239,971 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30, 2023	
2024	(284,029)
2025	(229,547)
2026	182,944
2027	440,646
2028	XXXXXX
Thereafter	XXXXXX

SANGRE DE CRISTO SCHOOL DISTRICT NUMBER RE-22J
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

NOTE 8 **PENSION PLAN (Continued)**

Actuarial assumptions. The TPL in the December 31, 2021, actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

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

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

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

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

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

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

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

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

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

The actuarial assumptions used in the December 31, 2021, 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.

SANGRE DE CRISTO SCHOOL DISTRICT NUMBER RE-22J
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

NOTE 8 **PENSION PLAN (Continued)**

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

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

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

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

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

SANGRE DE CRISTO SCHOOL DISTRICT NUMBER RE-22J
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

NOTE 8

PENSION PLAN (Continued)

- **Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the scheduled increase in SB 18-200 and required adjustments resulting from the 2018 and 2020 AAP assessments. Employer contributions also include current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103%, at which point the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions reflect reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.**
- **As specified in law, the State, as a nonemployer contributing entity, will provide an annual direct distribution of \$225 million (actual dollars), commencing July 1, 2018, that is proportioned between the State, School, Judicial, and DPS Division Trust Funds based upon the covered payroll of each Division. The annual direct distribution ceases when all Division Trust Funds are fully funded.**
- **HB 22-1029, effective upon enactment in 2022, required the State treasurer to issue, in addition to the regularly scheduled \$225 million (actual dollars) direct distribution, a warrant to PERA in the amount of \$380 million (actual dollars). The July 1, 2023, direct distribution is reduced by \$190 million (actual dollars) to \$35 million (actual dollars). The July 1, 2024, direct distribution will not be reduced from \$225 million (actual dollars) due to PERA's negative investment return in 2022.**
- **Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.**
- **The AIR balance was excluded from the initial FNP, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the FNP position and the subsequent AIR benefit payments were estimated and included in the projections.**
- **Benefit payments and contributions were assumed to be made at the middle of the year.**

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

***Sensitivity of the Sangre de Cristo School District Number RE-22J proportionate share of the net pension liability to changes in the discount rate.* The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.25%, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate:**

SANGRE DE CRISTO SCHOOL DISTRICT NUMBER RE-22J
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

NOTE 8 **PENSION PLAN (Continued)**

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension	7,379,967	5,639,348	4,185,753

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

Defined Contribution Pension Plans

Voluntary Investment Program (PERAPlus 401(k) Plan)

Plan Description – Employees of the Sangre de Cristo School District Number RE-22J that are also members of the SCHDTF may voluntarily contribute to the Voluntary Investment Program (PERAPlus 401(k) Plan, an Internal Revenue Code Section 401(k) defined contribution plan administered by PERA. Title 24, Article 51, Part 14 of the C.R.S., as amended, assigns the authority to establish the Plan provisions to the PERA Board of Trustees. PERA issues a publicly available ACFR which includes additional information on the PERAPlus 401(k) Plan. That report can be obtained at www.copera.org/investments/pera-financial-reports.

Funding Policy – The PERAPlus 401(k) Plan is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. Employees are immediately vested in their own contributions and investment earnings. For the year ended June 30, 2023, program members contributed \$10,361.

SANGRE DE CRISTO SCHOOL DISTRICT NUMBER RE-22J
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

NOTE 9

OTHER POST EMPLOYMENT BENEFITS

Defined Benefit Other Post Employment Benefit (OPEB) Plan

Summary of Significant Accounting Policies

OPEB. Sangre de Cristo School District Number RE-22J participates in the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit OPEB fund administered by the Public Employees' Retirement Association of Colorado ("PERA"). The net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, information about the fiduciary net position (FNP) and additions to/deductions from the FNP of the HCTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefits paid on behalf of health care participants are recognized when due and/or payable in accordance with the benefit terms. Investments are reported at fair value.

General Information about the OPEB Plan

Plan description. Eligible employees of the Sangre de Cristo School District Number RE-22J are provided with OPEB through the HCTF—a cost-sharing multiple-employer defined benefit OPEB plan administered by PERA. The HCTF is established under Title 24, Article 51, Part 12 of the Colorado Revised Statutes (C.R.S.), as amended, and sets forth a framework that grants authority to the PERA Board to contract, self-insure, and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of the premium subsidies. Colorado State law provisions may be amended by the Colorado General Assembly. PERA issues a publicly available annual comprehensive financial report (ACFR) that can be obtained at www.copera.org/investments/pera-financial-reports.

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

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

SANGRE DE CRISTO SCHOOL DISTRICT NUMBER RE-22J
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

NOTE 9

OTHER POST EMPLOYMENT BENEFITS (Continued)

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

PERA Benefit Structure

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

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

DPS Benefit Structure

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

For retirees who have not participated in Social Security and who are not otherwise eligible for premium-free Medicare Part A for hospital-related services, the HCTF or the DPS HCTF pays an alternate service-based premium subsidy. Each individual retiree meeting these conditions receives the maximum \$230 per month subsidy reduced appropriately for service less than 20 years, as described above. Retirees who do not have Medicare Part A pay the difference between the total premium and the monthly subsidy.

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

SANGRE DE CRISTO SCHOOL DISTRICT NUMBER RE-22J
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

NOTE 9

OTHER POST EMPLOYMENT BENEFITS (Continued)

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the Sangre de Cristo School District Number RE-22J is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from Sangre de Cristo School District Number RE-22J were \$24,786 for the year ended June 30, 2023.

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

At June 30, 2023, the Sangre de Cristo School District Number RE-22J reported a liability of \$192,130 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2022, and the total OPEB liability (TOL) used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2021. Standard update procedures were used to roll-forward the TOL to December 31, 2022. The Sangre de Cristo School District Number RE-22J proportion of the net OPEB liability was based on Sangre de Cristo School District Number RE-22J contributions to the HCTF for the calendar year 2022 relative to the total contributions of participating employers to the HCTF.

At December 31, 2022, the Sangre de Cristo School District Number RE-22J proportion was 0.0235%, which was a decrease of 0.0007% from its proportion measured as of December 31, 2021.

For the year ended June 30, 2023, the Sangre de Cristo School District Number RE-22J recognized OPEB income of \$25,794. At June 30, 2023, the reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	25	(46,464)
Changes of assumptions or other inputs	3,088	(21,205)
Net difference between projected and actual earnings on OPEB plan investments	11,735	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	2,643	(7,685)
Contributions subsequent to the measurement date	12,010	N/A
Total	29,501	(75,354)

\$12,010 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30, 2023	
2024	(19,413)
2025	(19,128)
2026	(9,447)
2027	(2,192)
2028	(6,234)
Thereafter	(1,449)

SANGRE DE CRISTO SCHOOL DISTRICT NUMBER RE-22J
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

NOTE 9

OTHER POST EMPLOYMENT BENEFITS (Continued)

Actuarial assumptions. The TOL in the December 31, 2021 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

	State Division	School Division	Local Government Division	Judicial Division
Actuarial cost method			Entry age	
Price inflation			2.30%	
Real wage growth			0.70%	
Wage inflation			3.00%	
Salary increases, including wage inflation				
Members other than State Troopers	3.30%-10.90%	3.40% -11.00%	3.20%-11.30%	2.80%-5.30%
State Troopers	3.20%-12.40%	N/A	3.20%-12.40%	N/A
Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation			7.25%	
Discount rate			7.25%	
Health care cost trend rates				
PERA benefit structure:				
Service-based premium subsidy			0.00%	
PERACare Medicare plans			6.50% in 2022, gradually decreasing to 4.50% in 2030	
Medicare Part A premiums			3.75% in 2022, gradually increasing to 4.50% in 2029	
DPS benefit structure:				
Service-based premium subsidy			0.00 %	
PERACare Medicare plans			N/A	
Medicare Part A premiums			N/A	

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

Beginning January 1, 2022, the per capita health care costs are developed by plan option; based on 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 for all members and is adjusted accordingly for those not eligible for premium-free Medicare Part A for the PERA benefit structure.

SANGRE DE CRISTO SCHOOL DISTRICT NUMBER RE-22J
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

NOTE 9 **OTHER POST EMPLOYMENT BENEFITS (Continued)**

<u>Age-Related Morbidity Assumptions</u>		
<u>Participant</u>	<u>Annual Increase</u>	<u>Annual Increase</u>
<u>Age</u>	<u>(Male)</u>	<u>(Female)</u>
65-69	3.0%	1.5%
70	2.9%	1.6%
71	1.6%	1.4%
72	1.4%	1.5%
73	1.5%	1.6%
74	1.5%	1.5%
75	1.5%	1.4%
76	1.5%	1.5%
77	1.5%	1.5%
78	1.5%	1.6%
79	1.5%	1.5%
80	1.4%	1.5%
81 and older	0.0%	0.0%

<u>Sample</u>	<u>MAPD PPO #1 with Medicare Part A</u>		<u>MAPD PPO #2 with Medicare Part A</u>		<u>MAPD HMO(Kaiser) with Medicare Part A</u>	
	<u>Retiree/Spouse</u>		<u>Retiree/Spouse</u>		<u>Retiree/Spouse</u>	
<u>Age</u>	<u>Male</u>	<u>Female</u>	<u>Male</u>	<u>Female</u>	<u>Male</u>	<u>Female</u>
65	\$1,704	\$1,450	\$583	\$496	\$1,923	\$1,634
70	\$1,976	\$1,561	\$676	\$534	\$2,229	\$1,761
75	\$2,128	\$1,681	\$728	\$575	\$2,401	\$1,896

<u>Sample</u>	<u>MAPD PPO #1 without Medicare Part A</u>		<u>MAPD PPO #2 without Medicare Part A</u>		<u>MAPD HMO(Kaiser) without Medicare Part A</u>	
	<u>Retiree/Spouse</u>		<u>Retiree/Spouse</u>		<u>Retiree/Spouse</u>	
<u>Age</u>	<u>Male</u>	<u>Female</u>	<u>Male</u>	<u>Female</u>	<u>Male</u>	<u>Female</u>
65	\$6,514	\$5,542	\$4,227	\$3,596	\$6,752	\$5,739
70	\$7,553	\$5,966	\$4,901	\$3,872	\$7,826	\$6,185
75	\$8,134	\$6,425	\$5,278	\$4,169	\$8,433	\$6,657

The 2022 Medicare Part A premium is \$499 (actual dollars) per month.

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

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

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and industry methods developed by health plan actuaries and administrators. In addition, projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services are referenced in the development of these rates. Effective December 31, 2021, 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.

**SANGRE DE CRISTO SCHOOL DISTRICT NUMBER RE-22J
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023**

NOTE 9 OTHER POST EMPLOYMENT BENEFITS (Continued)

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

Year	PERACare Medicare Plans	Medicare Part A Premiums
2022	6.50%	3.75%
2023	6.25%	4.00%
2024	6.00%	4.00%
2025	5.75%	4.00%
2026	5.50%	4.25%
2027	5.25%	4.25%
2028	5.00%	4.25%
2029	4.75%	4.50%
2030+	4.50%	4.50%

Mortality assumptions used in the December 31, 2021, valuation for the determination of the total pension liability for each of the Division Trust Funds as shown below, reflect generational mortality and were applied, as applicable, in the determination of the TOL for the HCTF, but developed on a headcount-weighted basis. Affiliated employers of the State, School, Local Government and Judicial Divisions participate in the HCTF.

Pre-retirement mortality assumptions for the State and Local Government Divisions (members other than State Troopers) were based upon the PubG-2010 Employee Table with generational projection using scale MP-2019.

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

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

Pre-retirement mortality assumptions for the Judicial Division were based upon the PubG-2010(A) Above-Median Employee Table with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for the State and Local Government Divisions (members other than State Troopers) were based upon the PubG-2010 Healthy Retiree Table, adjusted as follows:

- Males: 94% of the rates prior to age 80 and 90% of the rates for ages 80 and older, with generational projection using scale MP-2019.
- Females: 87% of the rates prior to age 80 and 107% of the rates for ages 80 and older, with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for State Troopers were based upon the unadjusted PubS-2010 Healthy Retiree Table, with generational projection using scale MP-2019

SANGRE DE CRISTO SCHOOL DISTRICT NUMBER RE-22J
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

NOTE 9 **OTHER POST EMPLOYMENT BENEFITS (Continued)**

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

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

Post-retirement non-disabled mortality assumptions for the Judicial Division were based upon the unadjusted PubG-2010(A) Above-Median Healthy Retiree Table with generational projection using scale MP-2019.

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

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

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

Disabled mortality assumptions for State Troopers were based upon the unadjusted PubS-2010 Disabled Retiree Table with generational projection using scale MP-2019.

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

- Per capita health care costs in effect as of the December 31, 2021, valuation date for those PERACare enrollees under the PERA benefit structure who are expected to be age 65 and older and are not eligible for premium-free Medicare Part A benefits have been updated to reflect costs for the 2022 plan year.
- The December 31, 2021, valuation utilizes premium information as of January 1, 2022, as the initial per capita health care cost. As of that date, PERACare health benefits administration is performed by UnitedHealthcare. In that transition, the costs for the Medicare Advantage Option #2 decreased to a level that is lower than the maximum possible service-related subsidy as described in the plan provisions.
- The health care cost trend rates applicable to health care premiums were revised to reflect the then current expectation of future increases in those premiums. Medicare Part A premiums continued with the prior valuation trend pattern.

**SANGRE DE CRISTO SCHOOL DISTRICT NUMBER RE-22J
NOTES TO BASIC FINANCIAL STATEMENTS**

June 30, 2023

NOTE 9 **OTHER POST EMPLOYMENT BENEFITS (Continued)**

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

Effective for the December 31, 2022, measurement date, the timing of the retirement decrement was adjusted to middle-of-year within the valuation programming used to determine the TOL, reflecting a recommendation from the 2022 actuarial audit report, dated October 14, 2022, summarizing the results of the actuarial audit performed on the December 31, 2021, actuarial valuation.

The actuarial assumptions used in the December 31, 2021, 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 for PERA. The most recent analyses were outlined in the Experience Study report dated October 28, 2020.

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

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

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

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

Sensitivity of the Sangre de Cristo School District Number RE-22J 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:

SANGRE DE CRISTO SCHOOL DISTRICT NUMBER RE-22J
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

NOTE 9

OTHER POST EMPLOYMENT BENEFITS (Continued)

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Initial PERACare Medicare trend rate*	5.25%	6.25%	7.25%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	3.00%	4.00%	5.00%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability	\$186,692	\$192,130	\$198,048

*For the January 1, 2023, plan year.

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

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2022, measurement date.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00%.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- 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.

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

SANGRE DE CRISTO SCHOOL DISTRICT NUMBER RE-22J
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

NOTE 9 OTHER POST EMPLOYMENT BENEFITS (Continued)

Sensitivity of the Sangre de Cristo School District Number RE-22J 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	\$222,736	\$192,130	\$165,953

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

NOTE 10 RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees, or acts of God.

The District maintains commercial insurance for all risks of loss. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

NOTE 11 COLORADO SCHOOL DISTRICT SELF INSURANCE POOL

The District belongs to the Colorado School District's Self-Insurance Pool. The Pool was established by the Colorado Association of School Boards (CASB) to provide insurance coverage to participants in the areas of General Liability, Errors and Omissions, Automobile Liability, Auto Physical Damage, Auto Personal Injury Protection, Real and Personal Property, Crime, Workers' Compensation and other coverage. The Board of Directors is composed of eight persons; seven of whom are appointed by the Board of Directors of CASB and the Executive Director of CASB. The Pool is managed by an independent manager chosen by the Board of Directors. Each member's initial contribution and subsequent contributions are determined by the Pool based on factors including, but not limited to, the Aggregate Pool claims, the cost of Administrative and other operating expenses, the number of participants, the adequacy of both Operating and Reserve Funds and other factors touching on the status of the Pool or an individual participant, and as approved by the Colorado Insurance Commissioner

As the District did not exercise oversight responsibility nor have sufficient control over Pool activities, the Pool is not a component unit of the District and only the District's share of contributions to the Pool is recorded as Expenditures in the Insurance Reserve Fund.

The District's share in the Pool is not determinable from current information, but is estimated to be less than 1%. The District's share, if calculated, would not be material to the Pool's financial information at June 30, 2023.

SANGRE DE CRISTO SCHOOL DISTRICT NUMBER RE-22J
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

NOTE 11 **COLORADO SCHOOL DISTRICT SELF INSURANCE POOL (Continued)**

An audited summary of the Colorado School District's Pool financial information at June 30, 2022, and the year then ended (latest information available) follows:

Total Assets	<u>77,006,177</u>
Total Liabilities	<u>41,993,151</u>
Total Equity	<u>35,013,026</u>
Revenue	32,943,304
Underwriting Expenses	<u>36,961,713</u>
Underwriting Gain (Loss)	<u>(4,018,409)</u>
Net Investment Income	568,666
Other Income	<u>19,428</u>
Net Income (Loss) Before Dividend	<u>(3,430,315)</u>
Dividend	<u>-</u>
Net Income	<u>(3,430,315)</u>
Transfer of Capital Contributions	-
Change in Non Admitted Assets	<u>-</u>
Capital Contributions from Members	<u>-</u>
Unassigned Surplus	<u>35,013,026</u>

NOTE 12 **LITIGATION**

None.

NOTE 13 **SUMMARY DISCLOSURE OF SIGNIFICANT COMMITMENTS AND CONTINGENCIES**

Claims and Judgments - The District participates in a number of federal, state and county programs that are fully or partially funded by grants received from other governmental units. 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. As of June 30, 2023, significant amounts of grant expenditures have not been audited by the grantor but the District believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual government funds or the overall financial position of the District.

NOTE 14 **JOINT VENTURES**

San Luis Valley Board of Cooperative Educational Services

Not reflected in the accompanying financial statements is the District's participation in the San Luis Valley Board of Cooperative Educational Services (BOCES). The BOCES is an organization that provides member districts educational services at a shared lower cost per District.

SANGRE DE CRISTO SCHOOL DISTRICT NUMBER RE-22J
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

NOTE 14 **JOINT VENTURES (Continued)**

The District has one member on the Board. This Board has final authority for all budgeting and financing of the joint venture. The District's share of the joint venture is not determinable at June 30, 2023. The joint venture summary audited financial information as of June 30, 2022 is as follows:

Assets and Deferred Outflows	4,988,930
Liabilities and Deferred Inflows	<u>10,028,970</u>
Net Position	<u>(5,040,040)</u>
Revenues	5,145,567
Expenses	<u>2,750,886</u>
Changes in Net Position	<u>2,394,681</u>

The B.O.C.E.S. has no long term debt.

The equity interest of each member District is not known, nor is the change in such interest. The equity interest will be determined only at the disbanding of the B.O.C.E.S.

The BOCES is not included as a component unit of the District as the financial responsibility is minimal, there is no financial interdependency, the District does not have the ability to significantly influence the operations of the BOCES and the District is not accountable for fiscal matters of the BOCES.

NOTE 15 **INTERFUND BALANCES AND TRANSFERS**

	<u>Due From</u>	<u>Due To</u>	<u>Transfer In</u>	<u>Transfer Out</u>
<u>Major Governmental Funds</u>				
General Fund	-	-	-	111,000
Bond Fund	-	-	-	-
Capital Reserve-Capital Projects	-	-	31,000	-
NonMajor Governmental Funds	<u>-</u>	<u>-</u>	<u>80,000</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>111,000</u>	<u>111,000</u>

Interfund receivables and payables are expected to be repaid within the subsequent year.

Transfers were made for operational purposes.

NOTE 16 **BUDGET LAW INFORMATION**

Expenditures in the Food Service Fund exceeded amounts budgeted by \$7,267 in fiscal year 2023.

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISONS

PENSION TREND DATA

**OTHER POST EMPLOYMENT
BENEFITS TREND DATA**

MAJOR GOVERNMENTAL FUNDS

General Fund

The General Fund accounts for all transactions of the District not accounted for in other funds. This fund represents an accounting for the District's ordinary operations financed from property taxes and other general revenues. It is the most significant fund in relation to the District's overall operations.

**SANGRE DE CRISTO SCHOOL DISTRICT NUMBER RE-22J
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
For the Year Ended June 30, 2023**

<u>REVENUES</u>	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>Local Sources</u>				
Property Taxes	1,341,175	1,341,175	1,272,065	(69,110)
Specific Ownership Taxes	369,000	369,000	214,981	(154,019)
Earnings on Investments	3,015	3,015	3,057	42
Delinquent Taxes & Interest	5,700	5,700	7,235	1,535
Other	107,286	107,286	79,556	(27,730)
<u>State Sources</u>				
Equalization	2,160,164	2,160,164	2,108,039	(52,125)
Transportation	30,000	30,000	33,397	3,397
Vocational Education	65,000	65,000	100,647	35,647
Other	118,646	118,646	319,971	201,325
<u>Federal Sources</u>				
Designated Purpose Grants	1,099,288	1,099,288	715,098	(384,190)
<u>TOTAL REVENUES</u>	<u>5,299,274</u>	<u>5,299,274</u>	<u>4,854,046</u>	<u>(445,228)</u>
<u>EXPENDITURES</u>				
<u>INSTRUCTION</u>				
<u>Regular Programs</u>				
Salaries	1,774,800	1,774,800	1,285,760	489,040
Employee Benefits	674,237	674,237	559,695	114,542
Purchased Services - Professional	7,200	7,200	7,800	(600)
Purchased Services – Property	3,955	3,955	2,926	1,029
Purchased Services – Other	106,900	106,900	82,291	24,609
Supplies and Materials	106,180	106,180	56,133	50,047
Property	71,013	71,013	14,669	56,344
Other Objects	100	100	-	100
<u>Total Instruction</u>	<u>2,744,385</u>	<u>2,744,385</u>	<u>2,009,274</u>	<u>735,111</u>
<u>SUPPORTING SERVICES</u>				
<u>Student Supporting Services</u>				
Salaries	255,519	255,519	168,203	87,316
Employee Benefits	72,880	72,880	52,961	19,919
Purchased Services – Professional	-	-	5,575	(5,575)
Purchased Services –Property	14,000	14,000	-	14,000
Purchased Services – Other	-	-	7,168	(7,168)
Supplies and Materials	35,017	35,017	18,225	16,792
Property	154,825	154,825	-	154,825
Other Objects	-	-	-	-
<u>Total Student Services</u>	<u>532,241</u>	<u>532,241</u>	<u>252,132</u>	<u>280,109</u>

The accompanying notes are an integral part of these financial statements.

SANGRE DE CRISTO SCHOOL DISTRICT NUMBER RE-22J
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
For the Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>SUPPORTING SERVICES (Continued)</u>				
<u>Instructional Staff</u>				
Salaries	268,000	268,000	322,734	(54,734)
Employee Benefits	6,935	6,935	142,034	(135,099)
Purchased Services – Professional	-	-	-	-
Purchased Services – Property	550	550	488	62
Purchased Services – Other	15,161	15,161	6,911	8,250
Supplies and Materials	9,370	9,370	7,411	1,959
Property	-	-	-	-
Total Instructional Staff	<u>300,016</u>	<u>300,016</u>	<u>479,578</u>	<u>(179,562)</u>
<u>General Administration</u>				
Salaries	263,000	263,000	100,846	162,154
Employee Benefits	52,000	52,000	52,274	(274)
Purchased Services – Professional	23,000	23,000	16,223	6,777
Purchased Services – Property	14,500	14,500	9,487	5,013
Purchased Services – Other	141,000	141,000	17,223	123,777
Supplies and Materials	12,500	12,500	17,389	(4,889)
Property	-	-	-	-
Other Objects	6,000	6,000	5,284	716
Total General Administration	<u>512,000</u>	<u>512,000</u>	<u>218,726</u>	<u>293,274</u>
<u>School Administration</u>				
<u>Office of the Principal</u>				
Salaries	183,000	183,000	132,348	50,652
Employee Benefits	77,320	77,320	64,304	13,016
Purchased Services – Professional	35,000	35,000	23,891	11,109
Purchased Services – Property	11,000	11,000	9,015	1,985
Purchased Services – Other	13,350	13,350	7,630	5,720
Supplies and Materials	18,807	18,807	11,868	6,939
Property	1,000	1,000	-	1,000
Other Objects	2,100	2,100	-	2,100
Total School Administration	<u>341,577</u>	<u>341,577</u>	<u>249,056</u>	<u>92,521</u>
<u>Business Services</u>				
Salaries	50,000	50,000	47,750	2,250
Employee Benefits	18,810	18,810	21,816	(3,006)
Purchased Services – Professional	-	-	-	-
Purchased Services – Other	-	-	-	-
Supplies and Materials	500	500	-	500
Property	-	-	-	-
Other Objects	-	-	-	-
Total Business Services	<u>69,310</u>	<u>69,310</u>	<u>69,566</u>	<u>(256)</u>

The accompanying notes are an integral part of these financial statements.

SANGRE DE CRISTO SCHOOL DISTRICT NUMBER RE-22J
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>SUPPORTING SERVICES (Continued)</u>				
<u>Operations and Maintenance</u>				
Salaries	190,000	190,000	153,288	36,712
Employee Benefits	78,355	78,355	68,890	9,465
Purchased Services – Property	10,500	10,500	16,534	(6,034)
Purchased Services – Other	124,465	124,465	52,488	71,977
Supplies and Materials	179,000	179,000	136,993	42,007
Other Objects	<u>1,500</u>	<u>1,500</u>	<u>-</u>	<u>1,500</u>
Total Operations and Maintenance	<u>583,820</u>	<u>583,820</u>	<u>428,193</u>	<u>155,627</u>
<u>Student Transportation</u>				
Salaries	126,500	126,500	107,324	19,176
Employee Benefits	41,222	41,222	44,438	(3,216)
Purchased Services – Other	39,200	39,200	115,420	(76,220)
Supplies and Materials	57,500	57,500	63,562	(6,062)
Property	<u>4,200</u>	<u>4,200</u>	<u>-</u>	<u>4,200</u>
Total Student Transportation	<u>268,622</u>	<u>268,622</u>	<u>330,744</u>	<u>(62,122)</u>
<u>Central Support</u>				
Salaries	84,030	84,030	36,792	47,238
Employee Benefits	16,911	16,911	19,890	(2,979)
Purchased Services - Other	100,600	100,600	30,208	70,392
Supplies and Materials	22,000	22,000	26,738	(4,738)
Property	<u>750,000</u>	<u>750,000</u>	<u>876,468</u>	<u>(126,468)</u>
Total Central Support	<u>973,541</u>	<u>973,541</u>	<u>990,096</u>	<u>(16,555)</u>
<u>Facilities Acquisition and Construction</u>				
Property	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL SUPPORTING SERVICES	<u>3,581,127</u>	<u>3,581,127</u>	<u>3,018,091</u>	<u>563,036</u>
Appropriated Reserves	<u>808,488</u>	<u>808,488</u>	<u>-</u>	<u>808,488</u>
TOTAL EXPENDITURES	<u>7,134,000</u>	<u>7,134,000</u>	<u>5,027,365</u>	<u>2,106,635</u>
Revenues Over (Under) Expenditures	(1,834,726)	(1,834,726)	(173,319)	
<u>Other Financing Sources (Uses)</u>				
Insurance Proceeds	-	-	185,025	185,025
Transfers	<u>(71,000)</u>	<u>(71,000)</u>	<u>(111,000)</u>	<u>(40,000)</u>
Total Other Financing Sources (Uses)	<u>(71,000)</u>	<u>(71,000)</u>	<u>74,025</u>	<u>145,025</u>
Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses	(1,905,726)	(1,905,726)	(99,294)	
FUND BALANCE, July 1	<u>1,905,726</u>	<u>1,905,726</u>	<u>1,905,726</u>	
FUND BALANCE, June 30	<u>-</u>	<u>-</u>	<u>1,806,432</u>	

The accompanying notes are an integral part of these financial statements.

SANGRE DE CRISTO SCHOOL DISTRICT NUMBER RE-22J
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
For The Last 10 Fiscal Years (As Available)

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of the net pension liability (asset)	0.0309%	0.0371%	0.0416%	0.0369%	0.0372%	0.0418%	0.0418%	0.0437%	0.0426%	0.0438%
District's proportionate share of the net pension liability (asset)	\$5,639,348	\$4,323,139	\$6,287,587	\$5,516,383	\$6,585,838	\$13,519,200	\$12,432,192	\$6,685,624	\$5,771,923	\$5,582,087
State's proportionate share of the net pension liability associated with the District**	\$1,643,363	\$495,593	-	\$699,682	\$900,522	-	-	-	-	-
District's covered payroll	\$2,429,993	\$2,322,902	\$2,237,919	\$2,211,998	\$2,116,254	\$1,967,680	\$1,894,470	\$1,894,478	\$1,866	\$1,716,126
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	232%	186%	281%	249%	311%	687.1%	656%	353%	309%	325%
Plan fiduciary net position as a percentage of the total pension liability	61.79%	74.86%	66.99%	64.52%	57.01%	43.96%	43.13%	59.2%	62.80%	64.06%

** A direct distribution provision to allocate funds from the State of Colorado budget to Colorado PERA on an annual basis began in July 2018 based on Senate Bill 18-200.

The accompanying notes are an integral part of these financial statements.

**SANGRE DE CRISTO SCHOOL DISTRICT NUMBER RE-22J
SCHEDULE OF DISTRICT CONTRIBUTIONS - PENSION
For The Last 10 Fiscal Years (As Available)**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contributions	\$ 495,234	\$ 461,793	\$ 444,899	\$ 428,687	\$ 404,844	\$ 371,670	\$ 348,305	\$ 335,959	\$ 315,318	\$ 274,387
Contributions in relation to the contractually required contributions	<u>\$ (495,234)</u>	<u>\$ (461,793)</u>	<u>\$ (444,899)</u>	<u>\$ (428,687)</u>	<u>\$ (404,844)</u>	<u>\$ (371,670)</u>	<u>\$ (348,305)</u>	<u>\$ (335,959)</u>	<u>\$ (315,318)</u>	<u>\$ (274,387)</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$2,429,993	\$2,322,902	\$2,237,919	\$2,211,998	\$2,116,254	\$1,967,680	\$1,894,470	\$1,894,478	\$1,866,722	\$1,716,126
Contributions as a percentage of covered payroll	20.38%	19.88%	19.88%	19.38%	19.13%	18.89%	18.39%	17.73%	16.89%	15.99%

SANGRE DE CRISTO SCHOOL DISTRICT NUMBER RE-22J
SCHEDULE OF PROPORTIONATE SHARE OF NET OTHER POST EMPLOYMENT BENEFITS (OPEB) LIABILITY
For The Last 10 Fiscal Years (As Available)

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of the net OPEB liability (asset)	0.0235%	0.0242%	0.0241%	0.0241%	0.0241%	0.0238%	0.0237%	-	-	-
District's proportionate share of the net OPEB liability (asset)	\$192,130	\$209,155	\$228,580	\$271,238	\$328,921	\$308,721	\$307,726	-	-	-
District's covered payroll	\$2,429,993	\$2,322,902	\$2,237,919	\$2,211,998	\$2,116,254	\$1,967,680	\$1,894,470	-	-	-
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	7.90%	9.00%	10.21%	12.26%	15.54%	15.69%	16.24%	-	-	-
Plan fiduciary net position as a percentage of the total OPEB liability	38.57%	39.40%	32.78%	24.49%	17.03%	17.53%	16.72%	-	-	-

The accompanying notes are an integral part of these financial statements.

SANGRE DE CRISTO SCHOOL DISTRICT NUMBER RE-22J
SCHEDULE OF DISTRICT CONTRIBUTIONS - OPEB
For The Last 10 Fiscal Years (As Available)

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contributions	\$ 24,786	\$ 23,694	\$ 22,826	\$ 22,562	\$ 21,585	\$ 20,070	\$ 19,324	-	-	-
Contributions in relation to the contractually required contributions	<u>\$ (24,786)</u>	<u>\$ (23,694)</u>	<u>\$ (22,826)</u>	<u>\$ (22,562)</u>	<u>\$ (21,585)</u>	<u>\$ (20,070)</u>	<u>\$ (19,324)</u>	-	-	-
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-	-	-
District's covered payroll	\$2,429,993	\$2,322,902	\$2,237,919	\$2,211,998	\$2,116,254	\$1,967,680	\$1,894,470	-	-	-
Contributions as a percentage of covered payroll	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	-	-	-

COMBINING AND INDIVIDUAL FUND STATEMENTS AND OTHER SCHEDULES

COMBINING AND INDIVIDUAL FUND STATEMENTS AND OTHER SCHEDULES

Capital Projects Funds

Capital Reserve Capital Projects Fund – This fund accounts for expenditures for construction and improvement of district buildings and other capital expenditures.

Bond Redemption Debt Service Fund

Bond Redemption Debt Service Fund – used to account for the accumulation of resources for, and the payment of, long-term general obligation debt principal, interest, and related costs.

NON-MAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Special revenue funds account for revenues that are restricted to expenditures for specified purposes.

Food Service Fund – This fund accounts for all financial activities associated with the District's school breakfast and lunch programs.

Student Activity Fund – This fund accounts for student activities overseen by the District.

Fiduciary Funds

Trust Fund

Schedule of Changes in Fiduciary Net Assets – Budget (GAAP Basis) and Actual.

**SANGRE DE CRISTO SCHOOL DISTRICT NUMBER RE-22J
CAPITAL RESERVE – CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (GAAP BASIS)
For The Year Ended June 30, 2023**

	<u>Budgeted Amounts</u> <u>Original & Final</u>	<u>Actual</u>	<u>Variance with</u> <u>Final Budget-</u> <u>Favorable</u> <u>(Unfavorable)</u>
<u>REVENUES</u>			
Interest Earnings	571	895	324
Other Local Revenue	-	-	-
Small Rural School Grant	-	-	-
Total Revenues	<u>571</u>	<u>895</u>	<u>324</u>
<u>EXPENDITURES</u>			
Purchased Services	-	-	-
Supplies	-	-	-
Buildings	-	-	-
Capital Outlay	<u>508,000</u>	-	<u>508,000</u>
Total Expenditures	<u>508,000</u>	-	<u>508,000</u>
Revenues Over (Under) Expenditures	<u>(507,429)</u>	<u>895</u>	
<u>Other Financing Sources (Uses)</u>			
Transfers In (Out)	<u>31,000</u>	<u>31,000</u>	-
Total Other Financing Sources (Uses)	<u>31,000</u>	<u>31,000</u>	-
Net Change in Fund Balances	(476,429)	31,895	
Fund Balance, Beginning	<u>476,429</u>	<u>288,194</u>	
Fund Balance, Ending	<u>-</u>	<u>320,089</u>	

The accompanying notes are an integral part of these financial statements.

SANGRE DE CRISTO SCHOOL DISTRICT NUMBER RE-22J
BOND REDEMPTION – DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
For the Year Ended June 30, 2023

	<u>Budgeted Amounts</u> <u>Original & Final</u>	<u>Actual</u>	<u>Variance with</u> <u>Final Budget-</u> <u>Favorable</u> <u>(Unfavorable)</u>
<u>REVENUES</u>			
<u>Local Revenues</u>			
Property Taxes	217,739	317,339	99,600
Delinquent Penalty and Interest	-	2,724	2,724
Interest Earnings	-	-	-
Other Local Revenue	-	<u>16,191</u>	<u>16,191</u>
<u>Total Revenues</u>	<u>217,739</u>	<u>336,254</u>	<u>118,515</u>
<u>EXPENDITURES</u>			
Debt Service Principal	219,000	230,000	(11,000)
Debt Service Interest	170,000	83,113	86,887
Other	1,000	500	500
Contingency Reserve	<u>360,000</u>	-	<u>360,000</u>
<u>Total Expenditures</u>	<u>750,000</u>	<u>313,613</u>	<u>436,387</u>
<u>Revenues Over (Under) Expenditures</u>	<u>(532,261)</u>	<u>22,641</u>	
<u>FUND BALANCE, Beginning</u>	<u>532,261</u>	<u>532,261</u>	
<u>FUND BALANCE, Ending</u>	<u>-</u>	<u>554,902</u>	

The accompanying notes are an integral part of these financial statements.

SANGRE DE CRISTO SCHOOL DISTRICT NUMBER RE-22J
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2023

	Special Revenue Funds		Total
	Food	Student	Non-Major
	Services	Activity	Governmental
			Funds
<u>ASSETS</u>			
Cash	8,945	116,152	125,097
Inventories	12,960	-	12,960
Accounts Receivable	809	-	809
Grants Receivable	<u>11,631</u>	<u>-</u>	<u>11,631</u>
<u>Total Assets</u>	<u>34,345</u>	<u>116,152</u>	<u>150,497</u>
 <u>LIABILITIES AND FUND BALANCES</u>			
<u>Liabilities:</u>			
Accounts Payable	-	-	-
Accrued Salaries Payable	24,299	-	24,299
Other	<u>2,335</u>	<u>-</u>	<u>2,335</u>
<u>Total Liabilities</u>	<u>26,634</u>	<u>-</u>	<u>26,634</u>
 <u>Fund Balances:</u>			
<u>Nonspendable:</u>			
Inventories	12,960	-	12,960
<u>Restricted:</u>			
Capital Outlay	-	-	-
Food Services	-	-	-
<u>Assigned:</u>			
Student Activities	-	116,152	116,152
<u>Unassigned</u>			
<u>Total Fund Balances</u>	<u>(5,249)</u>	<u>-</u>	<u>(5,249)</u>
<u>Total Fund Balances</u>	<u>7,711</u>	<u>116,152</u>	<u>123,863</u>
 <u>TOTAL LIABILITIES & FUND</u>			
<u>BALANCES</u>			
	<u>34,345</u>	<u>116,152</u>	<u>150,497</u>

The accompanying notes are an integral part of these financial statements.

**SANGRE DE CRISTO SCHOOL DISTRICT NUMBER RE-22J
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2023**

	<u>Special Revenue Funds</u>		<u>Total Non-Major Governmental Funds</u>
	<u>Food Services</u>	<u>Student Activity</u>	
<u>REVENUES</u>			
Local Sources	38,524	121,402	159,926
State Sources	4,277	-	4,277
Federal Sources	<u>121,411</u>	-	<u>121,411</u>
<u>Total Revenues</u>	<u>164,212</u>	<u>121,402</u>	<u>285,614</u>
<u>EXPENDITURES</u>			
Food Services	277,267	-	277,267
Student Activities	-	<u>108,027</u>	<u>108,027</u>
<u>Total Expenditures</u>	<u>277,267</u>	<u>108,027</u>	<u>385,294</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>	(113,055)	13,375	(99,680)
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers In (Out)	<u>80,000</u>	-	<u>80,000</u>
<u>NET CHANGE IN FUND BALANCES</u>	(33,055)	13,375	(19,680)
<u>FUND BALANCES, Beginning</u>	<u>40,766</u>	<u>102,777</u>	<u>143,543</u>
<u>FUND BALANCES, Ending</u>	<u>7,711</u>	<u>116,152</u>	<u>123,863</u>

The accompanying notes are an integral part of these financial statements.

SANGRE DE CRISTO SCHOOL DISTRICT NUMBER RE-22J
FOOD SERVICE – SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
For The Year Ended June 30, 2023

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
<u>REVENUES</u>			
<u>Local Sources</u>			
Food Sales	61,500	37,596	(23,904)
Interest Earnings	50	10	(40)
Other Local Sources	<u>5,700</u>	<u>918</u>	<u>(4,782)</u>
Total Local Sources	<u>67,250</u>	<u>38,524</u>	<u>(28,726)</u>
<u>State Sources</u>			
School Lunches and Breakfast	<u>2,750</u>	<u>4,277</u>	<u>1,527</u>
Total State Sources	<u>2,750</u>	<u>4,277</u>	<u>1,527</u>
<u>Federal Sources</u>			
School Lunches and Breakfast	86,032	111,940	25,908
Commodities	<u>25,607</u>	<u>9,471</u>	<u>(16,136)</u>
Total Federal Sources	<u>111,639</u>	<u>121,411</u>	<u>9,772</u>
<u>TOTAL REVENUES</u>	<u>181,639</u>	<u>164,212</u>	<u>(17,427)</u>
<u>EXPENDITURES</u>			
<u>Food Services</u>			
Salaries	111,000	125,093	(14,093)
Employee Benefits	59,195	47,053	12,142
Purchased Services	2,700	-	2,700
Food and Milk	79,805	93,945	(14,140)
Supplies and Materials	1,000	1,705	(705)
Commodities	11,475	9,471	2,004
Capital Outlay	<u>4,825</u>	<u>-</u>	<u>4,825</u>
<u>TOTAL EXPENDITURES</u>	<u>270,000</u>	<u>277,267</u>	<u>(7,267)</u>
 <u>REVENUES OVER (UNDER) EXPENDITURES</u>	 <u>(88,361)</u>	 <u>(113,055)</u>	
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers In	<u>40,000</u>	<u>80,000</u>	<u>40,000</u>
 <u>REVENUES AND SOURCES OVER (UNDER) EXPENDITURES AND USES</u>	 <u>(48,361)</u>	 <u>(33,055)</u>	
 <u>FUND BALANCE, Beginning</u>	 <u>48,361</u>	 <u>40,766</u>	
 <u>FUND BALANCE, Ending</u>	 <u>-</u>	 <u>7,711</u>	

The accompanying notes are an integral part of these financial statements.

**SANGRE DE CRISTO SCHOOL DISTRICT NUMBER RE-22J
STUDENT ACTIVITY – SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (GAAP BASIS)
For The Year Ended June 30, 2023**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>REVENUES</u>			
Local Sources	<u>128,294</u>	<u>121,402</u>	<u>(6,892)</u>
<u>Total Revenues</u>	<u>128,294</u>	<u>121,402</u>	<u>(6,892)</u>
<u>EXPENDITURES</u>			
Instruction	-	22,223	(22,223)
Student Support	<u>234,415</u>	<u>85,804</u>	<u>148,611</u>
<u>Total Expenditures</u>	<u>234,415</u>	<u>108,027</u>	<u>126,388</u>
<u>REVENUES OVER (UNDER) EXPENDITURES</u>	(106,121)	13,375	
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers	-	-	-
<u>REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES (USES)</u>	(106,121)	13,375	
<u>FUND BALANCE, Beginning</u>	<u>106,121</u>	<u>102,777</u>	
<u>FUND BALANCE, Ending</u>	<u>-</u>	<u>116,152</u>	

The accompanying notes are an integral part of these financial statements.

SANGRE DE CRISTO SCHOOL DISTRICT NUMBER RE-22J
 CUSTODIAL FUNDS
 SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION –
 BUDGET (GAAP BASIS) AND ACTUAL
 For the Year Ended June 30, 2023

	<u>Private Purpose Trust Scholarship</u>		Variance with Final Budget- Favorable (Unfavorable)
	<u>Original and Final Budget</u>	<u>Actual</u>	
<u>ADDITIONS</u>			
Local Receipts	<u>3,732</u>	<u>211</u>	<u>(3,521)</u>
<u>DEDUCTIONS</u>			
Disbursements	<u>43,732</u>	<u>5,143</u>	<u>38,589</u>
<u>CHANGES IN NET POSITION</u>	<u>(40,000)</u>	<u>(4,932)</u>	
<u>NET POSITION, Beginning</u>	<u>40,000</u>	<u>32,679</u>	
<u>NET POSITION, Ending</u>	<u>—</u>	<u>27,747</u>	

The accompanying notes are an integral part of these financial statements.

STATE REQUIRED SCHEDULES

Auditor's Integrity Report (Revenues, Expenditures and Fund Balance by Fund)

Bolded Balance Sheet



Colorado Department of Education
Auditors Integrity Report
 District: 0110 - Sangre De Cristo Re-2J
 Fiscal Year 2022-23
 Colorado School District/BOCES

Revenues, Expenditures, & Fund Balance by Fund

Fund Type & Number	1000 - 5999 Total Revenues & Other Sources	6700-6799 & Prior Per Adj (6880*)	1000 - 5999 Total Expenditures & Other Uses	6700-6799 & Prior Per Adj (6880*)	Ending Fund Balance
Governmental					
10 General Fund	1,905,726	4,947,169	1,806,433		
18 Risk Mgmt Sub-Fund of General Fund	0	0	0		
19 Colorado Preschool Program Fund	80,136	80,136	0		
Sub-Total	1,905,726	4,928,071	1,806,433		
11 Charter School Fund	0	0	0		
20 26-29 Special Revenue Fund	0	0	0		
06 Supplemental Cap Const, Tech, Main Fund	0	0	0		
07 Total Program Reserve Fund	0	0	0		
21 Food Service-Spec Revenue Fund	40,766	244,213	277,267	7,712	
22 Govt-Designated-Purpose Grants Fund	0	0	0	0	
23 Pupil Activity Special Revenue Fund	102,778	121,402	108,028	116,152	
25 Transportation Fund	0	0	0	0	
11 Bond Redemption Fund	532,262	336,254	313,614	554,902	
35 Certificate of Participation (COP) Debt Service Fund	0	0	0	0	
01 Building Fund	0	0	0	0	
02 Special Building Fund	0	0	0	0	
43 Capital Reserve Capital Projects Fund	288,194	31,895	0	320,089	
46 Supplemental Cap Const, Tech, Main Fund	0	0	0	0	
Totals	2,859,727	5,661,834	5,726,272	2,805,289	
Proprietary					
50 Other Enterprise Funds	0	0	0	0	
64 (63) Risk-Related Activity Fund	0	0	0	0	
60 65-69 Other Internal Service Funds	0	0	0	0	
Totals	0	0	0	0	
Fiduciary					
70 Other Trust and Agency Funds	0	0	0	0	
72 Private Purpose Trust Fund	32,679	211,144	5,144	27,747	
73 Agency Fund	0	0	0	0	
74 Pupil Activity Agency Fund	0	0	0	0	
79 GASB 34 Permanent Fund	0	0	0	0	
85 Foundations	0	0	0	0	
Totals	32,679	211,144	5,144	27,747	
FINAL					



Colorado Department of Education
Bolded Balance Sheet Report
 District: 0110 - Sangre De Cristo Re-22J
 Fiscal Year 2022-23
 Colorado School District/BOCES

	Governmental										Proprietary					Fiduciary	
	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Special Revenue Funds 20, 22-29	Supplemental Cap Const Fund 06	Total Program Reserve Fund 07	Food Service Revenue Fund 21	Debt Service Funds 30-39	Capital Projects Funds 40-45, 47-49	Supplemental Cap Const Fund 46	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85	Totals	
Cash and Investments (8100-8104,8111)	1,843,191	0	5,811	116,152	0	0	8,945	534,741	320,089	0	0	0	0	27,747	0	2,856,676	
Cash with Fiscal Agent (8105)	94,124	0	0	0	0	0	0	14,114	0	0	0	0	0	0	0	108,238	
Other Investment Accounts (8112-8115)	118,789	0	0	0	0	0	0	0	0	0	0	0	0	0	0	118,789	
Taxes Receivable (8121,8122)	74,000	0	0	0	0	0	0	22,000	0	0	0	0	0	0	0	96,000	
Interfund Loans Receivable (8131,8132)	0	0	6,426	0	0	0	0	0	0	0	0	0	0	0	0	6,426	
Grants Accounts Receivable (8142)	111,366	0	0	0	0	0	11,631	0	0	0	0	0	0	0	0	122,998	
Other Receivables (8151-8154,8161)	0	0	0	0	0	0	809	0	0	0	0	0	0	0	0	809	
Inventories (8171,8172,8173)	0	0	0	0	0	0	12,960	0	0	0	0	0	0	0	0	12,960	
Machinery and Equipment (8241,8242,8251)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Total Assets	2,241,471	0	12,237	116,152	0	0	34,346	570,855	320,089	0	0	0	0	27,747	0	3,322,896	

LIABILITIES & FUND EQUITY

	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Special Revenue Funds 20, 22-29	Supplemental Cap Const Fund 06	Total Program Reserve Fund 07	Food Service Special Revenue Fund 21	Debt Service Funds 30-39	Capital Projects Funds 40-45, 47-49	Supplemental Cap Const Fund 46	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85	Totals
Interfund Payables (7401,7402)	6,426	0	0	0	0	0	0	0	0	0	0	0	0	0	0	6,426
Other Payables (7421-7423)	10,483	0	0	0	0	0	0	0	0	0	0	0	0	0	0	10,483
Accrued Expenses (7461)	364,707	0	12,237	0	0	0	24,299	0	0	0	0	0	0	0	0	401,243
Payroll Ded and Withholdings (7471-7473)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Unearned Revenue (7481)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Grants Deferred Revenue (7482)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Current Liabilities (7491,7492,7499)	0	0	0	0	0	0	2,335	0	0	0	0	0	0	0	0	2,335
Deferred Inflow (7800)	53,422	0	0	0	0	0	0	15,953	0	0	0	0	0	0	0	69,375
Total Liabilities	435,038	0	12,237	0	0	0	26,634	15,953	0	0	0	0	0	0	0	489,862

Governmental

Proprietary

Fiduciary

FUND EQUITY	Governmental										Proprietary					Fiduciary				
	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Special Revenue Funds 20, 22-29	Supplemental Cap Const Fund 06	Total Program Reserve Fund 07	Food Service Special Revenue Fund 21	Debt Service Funds 30-39	Capital Projects Funds 40-45, 47-49	Supplemental Cap Const Fund 46	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85	Totals				
Non-spendable Fund Balance 6710	0	0	0	0	0	0	12,960	0	0	0	0	0	0	0	0	12,960				
Restricted Fund Balance 6720	0	0	0	0	0	0	0	554,902	0	0	0	0	0	0	0	554,902				
TABOR % Emergency Reserve 6721	140,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	140,000				
TABOR Multi-Year 6722	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0				
District Emergency Reserve (letter of credit or real estate) 6723	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0				
Colorado Preschool Program (CPP) Reserve 6724	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0				
Full-Day Kindergarten Reserve 6725	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0				
Risk-Related / Restricted Capital Reserve 6726	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0				
RIS: Capital Reserve 6727	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0				
Total Program Reserve 6728	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0				
Committed Fund Balance 6750	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	320,089				
Assigned Fund Balance 6760	0	0	0	116,152	0	0	0	0	0	0	0	0	0	0	0	116,152				
Unassigned Fund Balance 6770	1,666,433	0	0	0	0	0	-5,248	0	0	0	0	0	27,747	0	1,688,931					
Inventories & Capital Assets, Net of Related Debt 6790	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0				
Receivables, Net Assets 6791	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0				
Unrestricted Net Assets 6792	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0				
Pre-Paid Expenses 6880	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0				
Total Fund Equity	1,806,433	0	0	116,152	0	0	7,712	554,902	320,089	0	0	0	27,747	0	2,833,036					
Total Liabilities & Fund Equity																				
	2,241,471	0	12,237	116,152	0	0	34,346	570,855	320,089	0	0	0	27,747	0	3,322,857					

Governmental		Proprietary		Fiduciary											
General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Special Revenue Funds 20, 22-29	Supplemental Cap Const Fund 06	Total Program Reserve Fund 07	Food Service Special Revenue Fund 21	Debt Service Funds 30-39	Capital Projects Funds 40-45, 47-49	Supplemental Cap Const Fund 46	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85	Totals
2,241,471	0	12,237	116,152	0	0	34,346	570,855	320,089	0	0	0	27,747	0	3,322,857	

Governmental		Proprietary		Fiduciary											
General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Special Revenue Funds 20, 22-29	Supplemental Cap Const Fund 06	Total Program Reserve Fund 07	Food Service Special Revenue Fund 21	Debt Service Funds 30-39	Capital Projects Funds 40-45, 47-49	Supplemental Cap Const Fund 46	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85	Totals
2,241,471	0	12,237	116,152	0	0	34,346	570,855	320,089	0	0	0	27,747	0	3,322,857	

For Each Fund Type:
Do Assets=Liability+Fund Equity

Yes

Yes

Yes

Yes

Yes

Yes

SINGLE AUDIT SECTION

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TRINIDAD, COLORADO 81082
(719) 846-9241 FAX (719) 846-3352

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

Board of Education
Sangre de Cristo School District Number RE-22J
Mosca, Colorado 81146

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Sangre de Cristo School District Number RE-22J as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Sangre de Cristo School District Number RE-22J's basic financial statements, and have issued our report thereon dated October 20, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Sangre de Cristo School District Number RE-22J's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Sangre de Cristo School District Number RE-22J's internal control. Accordingly, we do not express an opinion on the effectiveness of the Sangre de Cristo School District Number RE-22J's internal control.

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Sangre de Cristo School District Number RE-22J's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Linton, Waller & Co., Inc.

October 20, 2023

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

Board of Education
Sangre de Cristo School District Number RE-22J
Mosca, CO 81146

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Sangre de Cristo School District Number RE-22J's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Sangre de Cristo School District Number RE-22J's major federal programs for the year ended June 30, 2023. Sangre de Cristo School District Number RE-22J's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Sangre de Cristo School District Number RE-22J complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of Sangre de Cristo School District Number RE-22J and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Sangre de Cristo School District Number RE-22J's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Sangre de Cristo School District Number RE-22J's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Sangre de Cristo School District Number RE-22J's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Sangre de Cristo School District Number RE-22J's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Sangre de Cristo School District Number RE-22J's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Sangre de Cristo School District Number RE-22J's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Sangre de Cristo School District Number RE-22J's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

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

Diyaon, Waller & Co., Inc.
October 20, 2023

**SANGRE DE CRISTO SCHOOL DISTRICT NUMBER RE-22J
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2023**

SECTION 1 - SUMMARY OF AUDITOR'S RESULTS:

FINANCIAL STATEMENTS

Auditor's Report

An unmodified report has been issued on the financial statements of Sangre de Cristo School District Number RE-22J.

Internal Control Over Financial Reporting

No significant deficiencies or material weaknesses were identified.

Noncompliance Material to Financial Statements

No instances of noncompliance in amounts material to the financial statements of Sangre de Cristo School District Number RE-22J were disclosed by the audit.

FEDERAL AWARDS

Internal Control Over Major Programs

No significant deficiencies or material weaknesses were identified.

Auditor's Reportable on Compliance for Major Programs

An unmodified report has been issued on Sangre de Cristo School District Number RE-22J compliance for major programs.

Audit Findings

No findings requiring disclosure in accordance with 2 CFR Section 200.516(a) were disclosed by the audit.

Major Programs

American Rescue Plan – Elementary and Secondary School Emergency Relief 84.425U

Dollar Threshold to Distinguish Type A and Type B Programs

\$750,000.

Qualification as low-risk auditee

The Sangre de Cristo School District Number RE-22J did not qualify as a low-risk auditee for the fiscal year ended June 30, 2023.

**SANGRE DE CRISTO SCHOOL DISTRICT NUMBER RE-22J
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2023**

(Continued)

SECTION II – FINANCIAL STATEMENT FINDINGS

None

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None

**SANGRE DE CRISTO SCHOOL DISTRICT NUMBER RE-22J
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended June 30, 2023**

There are no prior audit findings requiring disclosure.

SANGRE DE CRISTO SCHOOL DISTRICT NUMBER RE-22J
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2023

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>Assistance Listing Number</u>	<u>State Number</u>	<u>Expenditures</u>
<u>U.S. Department of Education</u> (Passed through Colorado Department of Education)			
Title I	84.010	4010	85,362
Title II A – Teach Quality	84.367	4367	11,618
Student Support and Academic Enrichment	84.424	4424	10,000
Rural Education	84.358	4358	18,100
Elementary and Secondary Emergency Relief Act COVID-19	84.425D	4420	74,269
Elementary and Secondary Emergency Relief Act COVID-19	84.425U	4414	<u>500,838</u>
			<u>700,187</u>
(Passed through Colorado Community College and Occupational Education Vocational Education) Carl Perkins			
<u>Total Department of Education</u>	84.048	4048	<u>15,000</u> <u>715,187</u>
<u>U.S. Department of Agriculture</u>			
Child Nutrition Cluster (Passed through Colorado Department of Education)			
National School Breakfast Program	10.553	4553	33,667
National School Lunch Program	10.555	4555	62,462
Supply Chain Assistance	10.555	6555	15,183
(Passed through Colorado Department of Human Services)			
Food Distribution (Commodities)	10.555	4555	<u>9,471</u>
<u>Total Child Nutrition Cluster</u>			<u>120,783</u>
(Passed through Colorado Department of Education)			
Pandemic EBT Administrative Costs COVID-19	10.649	4649	<u>628</u>
<u>Total Department of Agriculture</u>			<u>121,411</u>
<u>U.S. Department of Human Services</u>			
(Passed through Colorado Department of Education)			
Cooperative Agreement for Emergency Response	93.354	7354	<u>29,719</u>
<u>TOTAL EXPENDITURES</u>			<u>866,317</u>

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

SANGRE DE CRISTO SCHOOL DISTRICT NUMBER RE-22J
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2023

NOTE 1 **BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Sangre de Cristo School District Number RE-22J and is presented on the modified accrual basis of accounting. The information is presented in accordance with the requirements of Title 2 U.S. Code of Federal Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the general purpose financial statements.

NOTE 2 **INDIRECT COST RATES**

All grants being charged indirect cost have been received through the Colorado Department of Education. The Department calculates an allowable indirect cost rate for individual sub-recipients and mandates that the rate be used as the maximum for the recovery of indirect cost. The District has recovered indirect cost from grant funds at an amount no greater than that allowed by the Colorado Department of Education and has not elected to use the 10% de minimis indirect cost rate allowed by Uniform Guidance.

NOTE 3 **FOOD DISTRIBUTION**

Non-monetary assistance is reported in the schedule at the fair market value of commodities received.

NOTE 4 **SUBRECIPIENTS**

The District did not pass through any grant amounts to subrecipients for the year ended June 30, 2023.