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**DELTA COUNTY JOINT SCHOOL DISTRICT 50J  
DELTA, COLORADO**

**FINANCIAL STATEMENTS**

**June 30, 2023**

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## INDEPENDENT AUDITOR'S REPORT

Board of Education  
Delta County Joint School District 50J  
Delta, Colorado

### Report on the Audit of the Financial Statements

#### Opinions

We have audited the accompanying financial statements of the governmental activities, discretely presented component unit, each major fund, and the aggregate remaining fund information of the Delta County Joint School District 50J as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the basic financial statements of the Delta County Joint School District 50J, 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, discretely presented component unit, each major fund, and the aggregate remaining fund information of the Delta County Joint School District 50J as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### Basis of Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Delta County Joint School District 50J and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Delta County Joint School District 50J'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 opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risk of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Delta County Joint School District 50J's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Delta County Joint School District 50J's ability to continue as a going concern for a reasonable period of time.

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

### **Required Supplementary Information**

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

### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Delta County Joint School District 50J's basic financial statements. The accompanying combining and individual fund statements and budget comparison schedules, 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*, and the auditor's integrity report listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling the information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, the schedule of expenditures of federal awards, and the auditor's integrity report are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Emphasis of Matter**

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

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 25, 2024, on our consideration of the Delta County Joint School District 50J's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Delta County Joint School District 50J's internal control over financial reporting and compliance.

*DMC Auditing and Consulting, LLC*

January 25, 2024  
Bailey, Colorado

**DELTA COUNTY JOINT SCHOOL DISTRICT NO. 50-J**  
**MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**For the Fiscal Year Ended June 30, 2023**

**Management’s Discussion and Analysis**

The Delta County Joint School District No. 50-J (the “District” or “Delta County Joint School District”) is located in western Colorado and encompasses approximately 1,800 square miles in Delta, Gunnison, Mesa, and Montrose counties. The District serves the communities of Delta, Crawford, Cedaredge, Hotchkiss and Paonia as well as surrounding rural areas. Over 4,650 students are served district-wide including the Technical College of the Rockies (“Technical College” or “TCR”).

This discussion and analysis provides an overall view of the District’s financial activities for the fiscal year 2022-2023. The intent of this analysis is to look at the District’s financial performance as a whole. Complete understanding of the fiscal performance of the District may require reading of the basic financial statements for the District.

**Financial Highlights**

Key financial highlights for the fiscal year ended June 30, 2023 are as follows:

- At the end of the current fiscal year, the fund balance for the General Fund (including the preschool program) was \$14.7 million. The General Fund has recorded a liability of \$2.5 million for salaries and benefits of school personnel who work nine or ten months of the year and are paid over twelve months. Colorado State law does not require the liability to be funded or budgeted until the year in which it is to be paid. At the direction of the Board of Education in the past, the District continues to budget and fund this liability.
- At the end of the current fiscal year, the fund balance for all Governmental Funds was \$54.8 million. Within the Grants Fund the District received, and spent, approximately \$4.6 million in Federal Coronavirus relief funds through ESSER grants. Within the Technical College the District received, and spent, approximately \$0.3 million in Federal Coronavirus relief funds through HEERF grants.
- The Government-Wide net position of the District increased from a positive \$8.4 million to a positive \$15.2 million, a \$6.8 million increase.
- The District’s long-term obligations increased by \$48.6 million. The bond long-term liability increased by \$29.2 million due to annual payments and the issuance of new bonds during the fiscal year. The District’s net pension and OPEB liabilities increased by \$19.7 million. Investment returns/results and the State of Colorado contributing to the PERA fund are the main factors of the District’s liability increasing so significantly. The District’s certificates of participation and longevity payable both decreased in the current year.
- General revenues accounted for \$45.2 million or 64% of all revenues. These general revenues include taxes, State Equalization, and entitlements not restricted to specific programs, general interest and other revenues not related to specific programs. Program specific revenues accounted for \$25.2 million or 36% of the District’s total revenues of \$70.4 million.

- The District had \$63.6 million in expenses, of which \$25.2 million were offset by program specific revenues from charges for services and sales, grants and contributions.

### **Using the Basic Financial Statements**

This annual report consists of a series of financial statements and notes to those statements. These statements are arranged with the intent that the reader can understand the Delta County Joint School District as an entire operating entity.

The statement of net position and statement of activities provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. Fund financial statements also report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds with all other non-major funds presented in total in a single column. For the Delta County Joint School District No. 50J, the General Fund is the most significant fund. The remaining statements provide financial information about the activities for which the District acts solely as a trustee or agent for the benefit of those outside the reporting entity.

### **Reporting the District as a Whole**

While this report contains all funds used by the District to provide programs and activities, the view of the District as a whole, looks at all the financial transactions and asks the question, "How did we do financially during the 2022-23 fiscal year?" The statement of *net position* and the *statement of activities* answer this question. These statements include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources using the accrual basis of accounting similar to the accounting system used by most private sector companies. The accrual basis of accounting takes into account all the current year's revenues and expenses.

These two statements report the District's net position and changes in that position. This change in net position is important because it identifies whether the financial position of the District has improved or diminished for the District as a whole. The cause of this change may be a result of many factors, some financial, some not. Non-financial factors include enrollment levels, statutorily required reserves, facility conditions, required educational programs and changes in accounting principles.

In the statement of net position and the statement of activities, the District financial data is reported in the broad category titled Governmental Activities.

**Governmental Activities** – Governmental activities are generally financed through taxes, intergovernmental revenues and other non-exchange revenues. Most of the District's programs and services are reported here including instruction, support services, operation and maintenance of plant, pupil transportation, and extracurricular activities, as well as student aid programs from the Technical College. All activity is reported here.

The government-wide financial statements include not only the District, but also a legally separate charter school, Vision Charter Academy (VCA), for which the District is financially accountable. Financial information for the VCA is reported separately from the financial information presented for the District itself under the heading: Discretely Presented Component Unit.

## **Fund Financial Statements**

Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, the fund financial statements focus on the District's most significant funds. The District's major governmental funds include the General Fund, Grants Fund, Technical College of the Rockies, and the Building Fund. Other governmental funds that are aggregated on the governmental fund financial statements include the TCR Student Activity Fund, Food Service Fund, Bond Redemption (Debt Service) Fund, Capital Reserve Fund, and the Student Activities Fund. Unlike government-wide financial statements, the focus of fund financial statements is directed to specific activities of the District rather than the District as a whole. Except for the General Fund, a specific fund is established to satisfy managerial control over resources or to satisfy finance-related legal requirements established by external parties or governmental statutes or regulations. The District's fund financial statements are divided into three broad categories: (1) governmental funds, (2) fiduciary funds, and (3) proprietary funds.

## **Governmental Funds**

The District's activities are reported in governmental funds, which focus on how monies flow into and out of those funds and the balances left at fiscal year-end for spending in future periods. These funds are reported using an accrual method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent in the near future to finance educational programs. The relationship, or differences, between governmental activities reported in the statement of net position and the statement of activities and the governmental funds is reconciled in the financial statements.

## **Fiduciary Funds**

The District is a trustee, or fiduciary, for the Private Purpose Scholarship Trust. All of the fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position. We exclude this activity from the governmental funds because the District cannot use these funds to finance its operations. The District is responsible for ensuring that these funds are used for their intended purposes.

## **Proprietary Funds**

A proprietary fund is a fund that governmental entities use to report business like activities. In FY 18-19, the District transferred funds from the self-funded employment benefit fund from the general fund into a proprietary fund. The District's health insurance fund is a self-funded insurance plan, that is funded by employee premiums and premiums paid by the school district. Effective July 1, 2023, the District has changed insurance plans away from self-funded. This fund will continue through at least June 30, 2024 to pay claims as they are received.

Summary of the District's net position for the fiscal year 2022 compared to 2023 (in thousands).

**Statement of Net Position**  
**Governmental Activities**

<b><u>Assets</u></b>	<b><u>2022</u></b>	<b><u>2023</u></b>
Current Assets	\$ 27,680	\$ 59,767
Capital Assets, Net	60,972	60,988
Total Assets	88,652	120,755
<b><u>Deferred Outflows</u></b>		
Pension Deferred Outflows	12,080	17,478
OPEB Deferred Outflows	372	669
Loss on Debt Refunding	78	-
Total Deferred Outflows	12,531	18,147
Total Assets and Deferred Outflows	\$ 101,182	\$ 138,902
<b><u>Liabilities</u></b>		
Current	\$ 7,517	\$ 7,721
Noncurrent	59,217	107,815
Total Liabilities	66,734	115,536
<b><u>Deferred Inflows</u></b>		
Pension Deferred Inflows	26,274	7,229
OPEB Deferred Inflows	997	919
Total Deferred Inflows	27,271	8,148
<b><u>Net Position</u></b>		
Net Investment in Capital Assets	55,978	58,063
Restricted for Emergencies	1,481	1,630
Restricted for Debt Service	3,188	3,016
Restricted for Preschool	473	495
Unrestricted	(53,943)	(47,986)
Total Net Position	\$ 7,177	\$ 15,218
Total Liabilities, Deferred Inflows, and Net Position	\$ 101,182	\$ 138,902

**Statement of Activities**

The statement of activities reflects the cost of program services and the charges for services and sales, grants, and contributions offsetting those services. The following detail reflects the total cost of services supported by program revenues and general property taxes, unrestricted state entitlements, and other general revenues, resulting in the overall change in net position for the fiscal year 2022 and 2023 (in thousands).

**Statement of Activities**  
**Governmental Activities**

<b><u>Revenues:</u></b>	<b><u>2022</u></b>	<b><u>2023</u></b>
<b>Program Revenues:</b>		
Charges for Services and Sales	\$ 5,676	\$ 4,827
Operating Grants and Contributions	20,263	20,200
Capital Grants and Contributions	332	123
Total Program Revenue	26,270	25,150
 <b>General Revenues:</b>		
Property Tax	12,755	11,540
State Equalization	27,636	30,548
Specific Ownership	1,793	1,864
Grants Not Restricted	-	202
Gain on Sale of Assets	118	-
Investment Earnings	5	871
Other	19	196
Total General Revenue	42,327	45,221
<b>Total Revenue</b>	68,597	70,371
	<b><u>2022</u></b>	<b><u>2023</u></b>
<b>Program Expenses:</b>		
Instruction	17,990	34,377
<b>Support Services:</b>		
Food Service	1,525	1,900
Interest and Fiscal Charges	189	441
<b>Total Expenses</b>	41,181	63,595
Change in net position	27,416	6,776
Net position, beginning	(20,239)	7,177
Prior period adjustment	-	1,265
<b>Net position, ending</b>	\$ 7,177	\$ 15,218

While assessed valuation has increased, the district is dependent on state revenue for General Fund activities. In 2023, approximately 69% of General Revenue was from State Equalization. In 2014 the amount of state support was 59%. This increasing dependency on the state is a cause for concern if state revenues decline and/or the budget stabilization factor is increased.

## **The District's Funds**

The funds are accounted for using the modified accrual basis of accounting. Total governmental funds had revenues and other financing sources of \$102,186,124, including \$30,906,322 in proceeds from the sale of bonds (\$27,700,000 in Bonds and \$3,206,322 in Bond premiums). Total governmental funds had expenditures and other financing uses of \$68,115,883.

The General Fund had an overall increase in fund balance of \$2,796,515. This increase is due primarily to actual revenue being higher than budget by almost \$500,000 and approximately \$1,000,000 of non-capital equipment purchases not being completed during the fiscal year which will be spent in future years. Purchased services also came in under budget by approximately \$250,000.

The Technical College of the Rockies (TCR) fund balance increased in 2023 by \$330,428. The Coronavirus pandemic has significantly impacted revenue at TCR. State funding decreased for technical colleges in 2021 and TCR's State revenue decreased (\$776,307). In 2022 the State reinstated some funding for technical colleges and TCR's State revenue increased by \$440,217. In 2023, the State funding for TCR increased an additional \$480,000. TCR's programs operated at similar levels in both fiscal years but operations were streamlined in fiscal year 2022 to operate at lower State funding levels, these cost saving measures continued into fiscal year 2023.

The Building Fund was last used for the Delta Middle School BEST project. The project was completed in 2021. In 2023, the District deposited proceeds from the Series 2023 Bond sale into the Building Fund and projects approved in the successful November 2022 ballot measure will be paid for out of this Fund. Bond proceeds of \$30,906,322 were received in March 2023 and planning costs of \$483,520 were paid.

The balance of the aggregated 'Non-major Governmental Funds' had an increase in fund balance of \$108,676. TCR Student Activity, Food Service, Student Activity, Capital Reserve, and Bond Redemption Funds make up these balances.

## **General Fund Budgeting Highlights**

The District's procedure in establishing the budgetary data reflected in the financial statement is summarized in *Note 1 of the Notes to the RSI* in of the financial statements. Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

The District uses a line-item based budget. The budgeting systems are designed to control line-item expenditures, but provide flexibility for overall budgetary management.

For the General Fund, final budgeted revenues and other financing sources were \$45,716,380. Actual General Fund revenues and other financing sources came in above budget by \$477,549. State revenue was \$33,757,402 which was over budget by \$392,089. Interest income was \$319,364 which was \$176,364 over budget due to the rapid increase in interest rates on deposit accounts during the year. Local property tax, \$10,581,790, and Specific Ownership tax, \$1,863,913, were collectively under budget by \$98,946.

Actual expenditures were budgeted to be \$45,229,280 and came in under budget by \$2,172,307. In 2023 the districted budgeted to add to fund balance \$487,100. Other financing uses were budgeted to

be \$2,299,046 and came in on budget. Due to revenue being over budget and expenditure amounts being under budget, fund balance was increased by \$2,796,515.

The Board of Education and management continue to strive to budget appropriate amounts for each individual line item. The overall goal is to provide services in the most economical and efficient manner.

**Capital Assets and Debt**

**Capital Assets**

At June 30, 2023, the District had \$60,988,065 million in capital assets (net of accumulated depreciation), including buildings fixtures, and vehicles. The following reflects the balances of fiscal year 2022 compared to fiscal year 2023.

	<b>Capital Assets at Fiscal Year End, Net of Depreciation</b>	
	<b><u>2022</u></b>	<b><u>2023</u></b>
Land	\$ 730,539	\$ 730,539
Buildings and Improvements	51,749,493	55,972,847
Work in Progress	5,095,399	969,113
Food Service	32,644	39,818
Furniture, Equipment and Vehicles	3,363,454	3,275,748
Totals	<u>\$ 60,971,529</u>	<u>\$ 60,988,065</u>

**Debt**

On June 30, 2023 the District had \$1,575,000 million in outstanding General Obligation refunding bonds for the capital construction projects for the District’s five communities. The bonds are paid from a mill levy in the Debt Service Fund. Premiums received that remain to be amortized on the refunding bonds is \$17,269 as of June 30, 2023. During fiscal year 2023, the District issued new General Obligation bonds for capital construction projects for District schools with an outstanding balance of \$27,700,000 which will be repaid with the bond mill levy and received a premium with a balance of \$3,142,196 which is not required to be repaid as of June 30, 2023.

The District also has a Certificate of Participation loan as the matching portion of a BEST grant to build a new Cedaredge Elementary with a balance due of \$1,157,594.

The District also entered into a Lease purchase of \$380,000 for the purchase of a building to serve as the new District Office. The balance owed as of June 30, 2023 was \$167,696.

The District entered into a lease purchase to upgrade teacher computers in 2019. The balance was fully paid during the fiscal year.

The District also has long-term liabilities for early retirement and compensated absences in the amount of \$600,297.

### **Current Issues, Economic Conditions and Outlook**

The State economy was hit hard with the onset of the Coronavirus (“COVID”) pandemic in March 2020. Fortunately, the economy, with significant governmental support, has remained relatively strong through the pandemic. The additional Federal funding (primarily ESSER for the District and HEERF for TCR) have allowed the District to extend the learning environment for students, provide additional health and safety supplies and procedures, and renovate existing infrastructure to improve air quality. These grants expire during calendar year 2024. The District funded many positive programs with these funds and is currently evaluating how to maintain these programs in fiscally sustainable ways.

The District’s main funding source for the General Fund is Total Program, which is a combination of local property taxes, specific ownership taxes, and backfill from the State’s General Fund (“State Share”). Currently, the State Share is funding 72% of the Districts Total Program. Since the fiscal year ended June 30, 2011, the State has implemented the Budget Stabilization Factor to reduce K12 education funding. For the fiscal year ended June 30, 2023 the State withheld \$1,666,223 (3.7% of Total Program) from the District’s State Share for the Budget Stabilization Factor. Since fiscal year 2011 the District has not received \$54,522,562 in State Share due to the Budget Stabilization Factor.

Enrollment in the District and across the State of Colorado has decreased since the onset of COVID. The District had an increase in funded enrollment from 2022 to 2023 of 22.8 FTE, a key metric in determining Total Program funding. K-12 enrollment in 2023 was 15.0 FTE less than 2022, and 2022 was 94.5 FTE less than 2021. For Total Program funding the State uses a five-year averaging model for enrollment and our fifth year that will be removed from the formula next year was our highest enrollment year. This will be a challenge that the District continues to monitor. The District has been and continues to be in-person learning while maintaining an on-line school for students through 2023.

Recruitment and retention of staff has been a strength for the District in the past and will continue to be a focus for management. The current environment requires the District to continue to maintain these efforts in an effective manner. The largest factor is compensation levels for our staff. The District operates in a large geographical area with five communities or population centers. There are currently school facilities in all five communities which results in certain facilities serving less students. Financially the District must balance student needs in our five communities with the reality that facilities with less kids are less efficient. From a performance level management believes having school facilities in every community benefits our students.

TCR continues to be a wonderful asset for the students of the District. The Technical College has a healthy fund balance and enrollment. Funding continues to improve.

The District and the Technical College have received Federal funding to help mitigate the spread of the virus, and to also keep the continuity of learning during this time.

The District continues to use the Strategic Plan that was implemented in 2016 with updates and revisions every July by the School Board. Some of the projects related to the Strategic plan for the 2024 school year are to ensure all elementary schools have a reading program that meets the state standard in the science of reading. Continuation of the Capturing Kids Hearts program and the Science of Teaching and Learning (“STL”) will be major focus areas as we are committed to educating the “Whole Child”. The District continues to ensure students are meeting all appropriate standards by continuing to invest in teacher and student resources.

The major initiative for fiscal year 2024 is completing projects included in the November 2022 ballot to improve our high school facilities with new security entrances and upgraded locker room areas. The Bond measure passed in November 2022. In fiscal years 2022 and 2023, the District applied for a BEST grant with the State and our application was not accepted. In fiscal year 2024, the District will submit another application for a BEST grant to supplement the Bond funding in remodeling and updating multiple schools.

### **Contacting the District**

This financial report is designed to provide our residents, customers, taxpayers, investors, and creditors with a general overview of the District’s finance and to show the District’s accountability for the money it receives. You may visit the District’s website for other financial information. The website is: [Deltaschools.com](http://Deltaschools.com)

If you have any questions regarding this report or need additional financial information, please contact the:

### **Delta County Joint School District No. 50J**

145 West 4<sup>th</sup> Street, Delta, CO 81416. Tel: 970-874-4438 Fax: 970-874-5744

The **Technical College of the Rockies**, a component unit of the Delta County Joint School District No. 50J, also issues a public annual financial statement and all the required supplemental information. That report may be obtained by writing to the address listed above.

The **Vision Charter Academy** is a charter school within the district boundaries. Some of their financial data is listed as a component part of the district in the audit. Their audit may be viewed on their website at: [Visioncharteracademy.org](http://Visioncharteracademy.org)

The contact information is:

Vision Charter Academy

263 Main St., Delta, CO 81416. Tel: 970-874-8226 Fax: 970-874-8336

## **BASIC FINANCIAL STATEMENTS**

**DELTA COUNTY JOINT SCHOOL DISTRICT 50J**

STATEMENT OF NET POSITION

June 30, 2023

	PRIMARY GOVERNMENT <u>GOVERNMENTAL</u> <u>ACTIVITIES</u>	COMPONENT UNIT <u>VISION HOME &amp;</u> <u>COMMUNITY, INC.</u>
<b>ASSETS</b>		
Cash and Investments	\$ 55,305,262	\$ 1,076,349
Accounts Receivable	348,366	583,193
Grants Receivable	3,154,891	-
Taxes Receivable	575,999	-
Inventories	297,904	-
Prepaid Expenses	84,890	-
Capital Assets, <i>Not Being Depreciated</i>	1,699,652	110,189
Capital Assets, <i>Net of Accumulated Depreciation</i>	59,288,413	988,328
Subscription-Based Information Technology Asset, <i>Net of Accumulated Amortization</i>	-	37,392
	<hr/>	<hr/>
TOTAL ASSETS	120,755,377	2,795,451
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Pensions, <i>Net of Accumulated Amortization</i>	17,478,094	1,042,942
OPEB, <i>Net of Accumulated Amortization</i>	668,912	30,533
	<hr/>	<hr/>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	18,147,006	1,073,475
<b>LIABILITIES</b>		
Accounts Payable	884,467	25,024
Accrued Salaries and Benefits	3,058,094	148,191
Claims Payable	521,026	-
Accrued Interest Payable	123,066	2,544
Unearned Revenue	772,692	24,297
Noncurrent Liabilities		
Due Within One Year	2,362,061	67,351
Due in More Than One Year	31,997,991	698,557
Net Pension Liability	73,318,460	4,002,025
Net OPEB Liability	2,498,305	136,354
	<hr/>	<hr/>
TOTAL LIABILITIES	115,536,162	5,104,343
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Pensions, <i>Net of Accumulated Amortization</i>	7,229,335	967,529
OPEB, <i>Net of Accumulated Amortization</i>	918,836	71,139
	<hr/>	<hr/>
TOTAL DEFERRED INFLOWS OF RESOURCES	8,148,171	1,038,668
<b>NET POSITION</b>		
Net Investment in Capital Assets	58,062,932	414,228
Restricted for:		
Emergencies	1,629,614	98,900
Debt Service	3,015,831	-
Preschool	494,557	-
Unrestricted	(47,984,884)	(2,787,213)
	<hr/>	<hr/>
TOTAL NET POSITION	\$ 15,218,050	\$ (2,274,085)

*See Notes to the Financial Statements.*

**DELTA COUNTY JOINT SCHOOL DISTRICT 50J**  
**STATEMENT OF ACTIVITIES**  
Year Ended June 30, 2023

FUNCTIONS / PROGRAMS	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGE IN NET POSITION		
PRIMARY GOVERNMENT	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	PRIMARY GOVERNMENT	COMPONENT UNIT
<b>Governmental Activities</b>						
Instruction	\$ 34,376,995	\$ 3,475,154	\$ 15,472,284	\$ -	\$ (15,429,557)	\$ -
Supporting Services	26,876,881	135,078	3,215,117	122,995	(23,403,691)	-
Food Services	1,900,050	1,216,389	1,513,172	-	829,511	-
Interest on Long-Term Debt	441,096	-	-	-	(441,096)	-
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>\$ 63,595,022</b>	<b>\$ 4,826,621</b>	<b>\$ 20,200,573</b>	<b>\$ 122,995</b>	<b>(38,444,833)</b>	<b>-</b>
<b>COMPONENT UNIT</b>	<b>\$ 3,478,139</b>	<b>\$ 3,240</b>	<b>\$ 708,981</b>	<b>\$ 121,221</b>	<b>-</b>	<b>(2,644,697)</b>
<b>GENERAL REVENUES</b>						
Local Property Taxes					11,540,020	-
Specific Ownership Taxes					1,863,913	-
State Equalization					30,547,615	-
Per Pupil Revenue					-	3,026,107
Grants and Contributions not Restricted to Specific Programs					202,299	-
Interest Income					871,451	57
Other					195,574	11,069
<b>TOTAL GENERAL REVENUES</b>					<b>45,220,872</b>	<b>3,037,233</b>
<b>CHANGE IN NET POSITION</b>					<b>6,776,039</b>	<b>392,536</b>
<b>NET POSITION, Beginning, as Restated</b>					<b>8,442,011</b>	<b>(2,666,621)</b>
<b>NET POSITION, Ending</b>					<b>\$ 15,218,050</b>	<b>\$ (2,274,085)</b>

See Notes to the Financial Statements.

**DELTA COUNTY JOINT SCHOOL DISTRICT 50J**

BALANCE SHEET

GOVERNMENTAL FUNDS

June 30, 2023

	<u>GENERAL</u>	<u>GRANTS</u>	<u>TECHNICAL COLLEGE OF THE ROCKIES</u>
<b>ASSETS</b>			
Cash and Investments	\$ 15,368,479	\$ -	\$ 2,232,927
Accounts Receivable	50,928	-	149,882
Taxes Receivable	575,999	-	-
Grants Receivable	-	2,942,827	103,481
Interfund Receivable	1,761,288	-	-
Inventories	151,193	-	-
Prepaid Expenditures	51,499	-	33,391
	<u>17,959,386</u>	<u>2,942,827</u>	<u>2,519,681</u>
<b>TOTAL ASSETS</b>			
	<u>\$ 17,959,386</u>	<u>\$ 2,942,827</u>	<u>\$ 2,519,681</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts Payable	\$ 530,012	\$ 255,724	\$ 6,367
Accrued Salaries and Benefits	2,489,023	370,797	103,541
Interfund Payable	-	1,761,163	-
Unearned Revenue	20,000	555,143	197,549
	<u>3,039,035</u>	<u>2,942,827</u>	<u>307,457</u>
<b>TOTAL LIABILITIES</b>			
	<u>3,039,035</u>	<u>2,942,827</u>	<u>307,457</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Property Taxes	253,652	-	-
	<u>253,652</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>			
Nonspendable:			
Inventories	151,193	-	-
Prepaid Expenditures	51,499	-	33,391
Restricted for:			
Preschool	494,557	-	-
Capital Projects	-	-	-
Debt Service	-	-	-
Emergencies	1,525,000	-	104,614
Assigned to:			
Subsequent Budget	509,726	-	-
Early Retirement	168,454	-	-
Technical College Operations	-	-	2,074,219
Food Services	-	-	-
Student Activities	-	-	-
Capital Projects	-	-	-
The Nature Connection	269,280	-	-
DAAL	29,860	-	-
Unassigned	11,467,130	-	-
	<u>14,666,699</u>	<u>-</u>	<u>2,212,224</u>
<b>TOTAL FUND BALANCES</b>			
	<u>14,666,699</u>	<u>-</u>	<u>2,212,224</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>			
	<u>\$ 17,959,386</u>	<u>\$ 2,942,827</u>	<u>\$ 2,519,681</u>

NONMAJOR GOVERNMENTAL		
BUILDING	FUNDS	TOTAL
\$ 30,846,816	\$ 6,850,036	\$ 55,298,258
-	147,556	348,366
-	-	575,999
-	108,583	3,154,891
-	-	1,761,288
-	146,711	297,904
-	-	84,890
<u>30,846,816</u>	<u>7,252,886</u>	<u>61,521,596</u>
\$ 12,194	\$ 270	\$ 804,567
-	94,733	3,058,094
-	125	1,761,288
-	-	772,692
<u>12,194</u>	<u>95,128</u>	<u>6,396,641</u>
-	48,427	302,079
-	146,711	297,904
-	-	84,890
-	-	494,557
30,834,622	-	30,834,622
-	3,015,831	3,015,831
-	-	1,629,614
-	-	509,726
-	-	168,454
-	-	2,074,219
-	849,052	849,052
-	666,153	666,153
-	2,431,584	2,431,584
-	-	269,280
-	-	29,860
-	-	11,467,130
<u>30,834,622</u>	<u>7,109,331</u>	<u>54,822,876</u>
\$ <u>30,846,816</u>	\$ <u>7,252,886</u>	\$ <u>61,521,596</u>

See Notes to the Financial Statements.

**DELTA COUNTY JOINT SCHOOL DISTRICT 50J**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET POSITION**  
June 30, 2023

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

Total Fund Balances of Governmental Funds	\$	54,822,876
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds.		60,988,065
Long-term assets are not available to pay current year expenditures and, therefore, are deferred in governmental funds. This amount represents property taxes earned but not available as current financial resources.		302,079
Long-term liabilities and related items are not due and payable in the current year and, therefore, are not reported in governmental funds:		
Accrued Interest Payable		(123,066)
Bonds Payable		(33,759,755)
Accrued Compensated Absences		(431,843)
Early Retirement Incentive		(168,454)
Net Pension Liability		(73,318,460)
Pension-Related Deferred Outflows of Resources		17,478,094
Pension-Related Deferred Inflows of Resources		(7,229,335)
Net OPEB Liability		(2,498,305)
OPEB-Related Deferred Outflows of Resources		668,912
OPEB-Related Deferred Inflows of Resources		(918,836)
Internal Service Funds are used by management to charge the cost of health and dental insurance to other District's funds. The assets and liabilities of the Internal Service Fund is included in governmental activities in the Statement of Net Position.		<u>(593,922)</u>
Total Net Position of Governmental Activities	\$	<u><u>15,218,050</u></u>

**DELTA COUNTY JOINT SCHOOL DISTRICT 50J**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
Year Ended June 30, 2023

	GENERAL	GRANTS	TECHNICAL COLLEGE OF THE ROCKIES
REVENUES			
Local Sources	\$ 14,225,378	\$ 1,301,271	\$ 1,820,936
County Sources	28,757	-	-
State Sources	33,757,402	1,976,594	2,317,599
Federal Sources	481,438	8,247,704	935,323
	<b>48,492,975</b>	<b>11,525,569</b>	<b>5,073,858</b>
TOTAL REVENUES			
EXPENDITURES			
Current			
Instruction	25,806,215	5,491,550	2,369,249
Supporting Services	17,462,677	5,952,681	2,244,467
Food Services	-	-	-
Capital Outlay	73,591	81,338	129,714
Debt Service			
Principal	54,931	-	-
Interest and Fiscal Charges	-	-	-
	<b>43,397,414</b>	<b>11,525,569</b>	<b>4,743,430</b>
TOTAL EXPENDITURES			
EXCESS REVENUES OVER (UNDER) EXPENDITURES	<b>5,095,561</b>	<b>-</b>	<b>330,428</b>
OTHER FINANCING SOURCES (USES)			
Bond Issuance Proceeds	-	-	-
Bond Issuance Premium	-	-	-
Transfers In	-	-	-
Transfers Out	(2,299,046)	-	-
	<b>(2,299,046)</b>	<b>-</b>	<b>-</b>
TOTAL OTHER FINANCING SOURCES (USES)			
CHANGE IN FUND BALANCES	<b>2,796,515</b>	<b>-</b>	<b>330,428</b>
FUND BALANCES, Beginning, as Restated	<b>11,870,184</b>	<b>-</b>	<b>1,881,796</b>
*			
FUND BALANCES, Ending	<b>\$ 14,666,699</b>	<b>\$ -</b>	<b>\$ 2,212,224</b>

	NONMAJOR GOVERNMENTAL		
BUILDING	FUNDS	TOTAL	
\$ 411,820	\$ 4,262,408	\$ 22,021,813	
	-	28,757	
	35,260	38,086,855	
	1,477,912	11,142,377	
<u>411,820</u>	<u>5,775,580</u>	<u>71,279,802</u>	
-	2,079,114	35,746,128	
247,413	52,616	25,959,854	
-	1,954,074	1,954,074	
236,107	1,538,479	2,059,229	
-	1,979,826	2,034,757	
-	361,841	361,841	
<u>483,520</u>	<u>7,965,950</u>	<u>68,115,883</u>	
<u>(71,700)</u>	<u>(2,190,370)</u>	<u>3,163,919</u>	
27,700,000	-	27,700,000	
3,206,322	-	3,206,322	
-	2,299,046	2,299,046	
-	-	(2,299,046)	
<u>30,906,322</u>	<u>2,299,046</u>	<u>30,906,322</u>	
30,834,622	108,676	34,070,241	
-	7,000,655	20,752,635	
<u>\$ 30,834,622</u>	<u>\$ 7,109,331</u>	<u>\$ 54,822,876</u>	

**DELTA COUNTY JOINT SCHOOL DISTRICT 50J**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
Year Ended June 30, 2023

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

Net Change in Fund Balances of Governmental Funds	\$ 34,070,241
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as:	
Depreciation Expense	(3,745,673)
Loss on Disposal of Capital Assets	(6,227)
Capital Outlay	3,768,436
Revenues that do not provide current financial resources are deferred in the governmental fund financial statements but are recognized in the government-wide financial statements. This amount represents the change in deferred property taxes.	
	(908,885)
The repayment of long-term debt principal is an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net position and does not affect the statement of activities.	
	2,034,757
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position and does not affect the statement of activities. This is the effect of these differences in the treatment of long-term debt and related items:	
Bond Issuance Proceeds	(27,700,000)
Bond Issuance Premiums	(3,206,322)
Amortization of Bond Premiums	105,569
Amortization of Loss on Refunding	(77,991)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. This includes the changes in the following:	
Accrued Interest Payable	(106,833)
Accrued Compensated Absences	37,558
Early Retirement Incentive	154,928
Change in Retainage Payable	16,660
Net Pension Liability	(19,796,240)
Pension-Related Deferred Outflows of Resources	4,341,074
Pension-Related Deferred Inflows of Resources	19,069,468
Net OPEB Liability	91,119
OPEB-Related Deferred Outflows of Resources	109,741
OPEB-Related Deferred Inflows of Resources	82,932
Internal Service Funds are used by management to charge the cost of health and dental insurance to other District's funds. A portion of the change in the net position in the internal service funds is reported with governmental activities.	
	<u>(1,558,273)</u>
Change in Net Position of Governmental Activities	<u>\$ 6,776,039</u>

**DELTA COUNTY JOINT SCHOOL DISTRICT 50J**

STATEMENT OF NET POSITION

PROPRIETARY FUND

June 30, 2023

	<u>GOVERNMENTAL ACTIVITIES</u> <u>INTERNAL SERVICE FUND</u>
ASSETS	
Cash and Investments	\$ <u>7,004</u>
LIABILITIES	
Current	
Accounts Payable	79,900
Claims Payable	<u>521,026</u>
TOTAL LIABILITIES	<u>600,926</u>
NET POSITION	
Unrestricted	\$ <u>(593,922)</u>

**DELTA COUNTY JOINT SCHOOL DISTRICT 50J**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**PROPRIETARY FUND**  
Year Ended June 30, 2023

	<u>GOVERNMENTAL</u> <u>ACTIVITIES</u> <u>INTERNAL</u> <u>SERVICE FUND</u>
OPERATING REVENUES	
Fees	\$ 6,572,608
Rebates	<u>333,311</u>
 TOTAL OPERATING REVENUES	 <u>6,905,919</u>
 OPERATING EXPENDITURES	
Insurance Claims	7,695,488
Administration Fees and Premiums	<u>768,848</u>
 TOTAL OPERATING EXPENDITURES	 <u>8,464,336</u>
 NET OPERATING INCOME (LOSS)	 (1,558,417)
 NONOPERATING REVENUES (EXPENSES)	
Interest Income	<u>144</u>
 CHANGE IN NET POSITION	 (1,558,273)
 NET POSITION, Beginning	 <u>964,351</u>
 NET POSITION, Ending	 <u>\$ (593,922)</u>

**DELTA COUNTY JOINT SCHOOL DISTRICT 50J**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUND**  
Year Ended June 30, 2023

	<u>GOVERNMENTAL</u> <u>ACTIVITIES</u> <u>INTERNAL</u> <u>SERVICE FUND</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from User Charges	\$ 6,905,919
Cash Payments to Suppliers for Goods and Services	<u>(8,605,711)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>(1,699,792)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment Income	<u>144</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENT	(1,699,648)
CASH AND CASH EQUIVALENTS, Beginning	<u>1,706,652</u>
CASH AND CASH EQUIVALENTS, Ending	<u>\$ 7,004</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:	
Net Operating Income (Loss)	\$ <u>(1,558,417)</u>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
(Increase) Decrease in Accounts Payable	9,711
(Increase) Decrease in Claims Payable	<u>131,664</u>
Total Adjustments	<u>141,375</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ (1,699,792)</u>

**DELTA COUNTY JOINT SCHOOL DISTRICT 50J**

**STATEMENT OF FIDUCIARY NET POSITION**

June 30, 2023

	<u>PRIVATE PURPOSE TRUST SCHOLARSHIP TRUST FUND</u>
ASSETS	
Cash and Cash Equivalents	\$ <u>4,669</u>
NET POSITION	
Unrestricted	\$ <u>4,669</u>

**DELTA COUNTY JOINT SCHOOL DISTRICT 50J**  
**STATEMENT OF CHANGE IN FIDUCIARY NET POSITION**  
Year Ended June 30, 2023

	<u>PRIVATE</u> <u>PURPOSE TRUST</u> <u>SCHOLARSHIP</u> <u>TRUST FUND</u>
ADDITIONS	
Investment Income	\$ <u>          -</u>
DEDUCTIONS	
Scholarships and Awards	<u>                  -</u>
CHANGE IN NET POSITION	-
NET POSITION, Beginning, as Restated	<u>          4,669</u>
NET POSITION, Ending	\$ <u><u>          4,669</u></u>

**DELTA COUNTY JOINT SCHOOL DISTRICT 50J**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2023

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

The accounting policies of the Delta County Joint School District 50J (the District) conform to generally accepted accounting principles as applicable to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the District's more significant policies.

**Reporting Entity**

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

Technical College of the Rockies (the College) is a legally separate entity from the District that was formed to be the agent for postsecondary vocational education and training in Western Colorado. The College is governed by the District's Board of Education and receives a consistent financial benefit from the District. Therefore, the College is reported as a blended component unit on the District's financial statements as a special revenue fund. The College issues a separate annual financial report that is available to the public on the College's website (<https://tcr.edu/>) or by contacting the College by phone (970) 874-7671 or by mail at 1765 Hwy 50 South, Delta, Colorado 81416.

Vision Home & Community, Inc. dba Vision Charter Academy (the Academy) is a legally separate entity from the District that was formed to provide education. The Vision Home & Community, Inc. dba Vision Charter Academy is within the District's reporting entity, because the District is financially accountable for the Academy. The Academy is authorized by the District and legally obligated to provide a significant amount of the Academy's revenues. Therefore, the Academy is reported as a discretely presented component unit on the District's financial statements. The Academy issues separate financial statements, which can be obtained on the Academy's website (<https://visioncharteracademy.org/>) or by contacting the Academy via phone at (970) 874-8336 or via mail at 263 Main St., Delta, Colorado 81416.

**Government-wide and Fund Financial Statements**

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

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

**DELTA COUNTY JOINT SCHOOL DISTRICT 50J**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2023

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

**Government-wide and Fund Financial Statements (Continued)**

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

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

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

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

The *Grants Fund* is used to account for revenues and expenditures from federal, state, and local grants awarded to the District.

The *Technical College of the Rockies* is used to account for activities of the District's blended component unit, a vocational college that provides post-secondary vocational education and training in the Delta-Montrose and surrounding areas.

The *Building Fund* is used to account for the resources accumulated for the funding of the District's school improvements and construction of new school buildings, primarily the proceeds obtained from the issuance of general obligation bonds.

Additionally, the District reports the following fund types:

The *Internal Service Fund* is used to account for the health-related insurance needs for District employees.

*Fiduciary Funds* account for assets held by the District as an agent for individuals, private organizations, and other governments. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. The fiduciary fund reported by the District is a private-purpose trust fund.

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

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

**DELTA COUNTY JOINT SCHOOL DISTRICT 50J**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2023

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

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

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the District's proprietary funds is charges to the District's employees for health insurance premiums. Operating expenses include the cost of insurance claims, stop-loss insurance, and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

**Assets, Liabilities and Fund Balance / Net Position**

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

For purposes of the statement of cash flows and the statement of fiduciary net position, cash equivalents include investments with original maturities of three months or less.

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

*Interfund Receivables and Payables* - Certain transactions between individual funds result in receivables and payables, which are classified on the balance sheet as *interfund receivables* and *interfund payables*.

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

*Prepaid Expenditures* – Certain payments to vendors reflect costs applicable to future years and reported as prepaid expenditures or prepaid expenses.

**DELTA COUNTY JOINT SCHOOL DISTRICT 50J**  
**NOTES TO THE FINANCIAL STATEMENTS**  
 June 30, 2023

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

**Assets, Liabilities and Fund Balance / Net Position (Continued)**

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

Buildings	20 – 50 years
Other Infrastructure	10 – 50 years
Furniture and Fixtures	20 years
Equipment	3 – 15 years
Vehicles	8 years

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

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

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

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

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

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

*Compensated Absences* – Personnel accrue leave days based on the number of days worked in a year. Employees may accumulate up to 480 hours of leave, which may not be used for personal leave. Unused accumulated leave benefits are paid upon separation/termination at a percentage of the regular certified substitute rate depending on the years of service with the District. These compensated absences are recognized as expenditures in the governmental funds when due. A long-term liability is reported in the government-wide financial statements for the accrued compensated absences when earned.

**DELTA COUNTY JOINT SCHOOL DISTRICT 50J**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2023

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

**Assets, Liabilities and Fund Balance / Net Position (Continued)**

*Early Retirement Incentive* - In 2013, the District approved an early retirement incentive program that is cost-effective and available to full-time certified/licensed personnel who have at least twenty years of Colorado PERA Service Credit and eligible for retirement benefits at the end of the current contract pursuant to Colorado PERA rules and regulations.

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

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

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

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

**Property Taxes**

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

**DELTA COUNTY JOINT SCHOOL DISTRICT 50J**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2023

**NOTE 2: Cash and Investments**

At June 30, 2023, the District had the following cash and investments:

Cash on Hand	\$ 7,600
Deposits	1,790,747
Investments	53,511,584
Total	\$ 55,309,931

Cash and investments are reported in the financial statements as follows:

Cash and Investments	\$ 55,305,262
Fiduciary Funds	4,669
Total	\$ 55,309,931

**Deposits**

The Colorado Public Deposit Protection Act (PDPA) requires local government entities to deposit cash in eligible public depositories. Eligibility is determined by State regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. The PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution or held in trust for all uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. At June 30, 2023, the District had bank deposits of \$3,022,990 collateralized with securities held by the financial institution’s agent but not in the District’s name.

**Investments**

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

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

At June 30, 2023, the District had the following investments:

Investment Type	NSRO Rating	Fair Value	Maturity Less Than One Year	% of Investments	Fair Value Heirarchy
Local Government Pools	N/A	\$ 42,169,340	\$ 42,169,340	79%	NAV
Money Market Funds	Aaa-Mf	11,342,244	11,342,244	21%	2
Total Investments		\$ 53,511,584	\$ 53,511,584	100%	

**DELTA COUNTY JOINT SCHOOL DISTRICT 50J**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2023

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

**Investments (Continued)**

*Fair Value Measurements* - At June 30, 2023, the District's investments in the local government investment pool reported at the net asset value per share. The District's money markets were measured utilizing the fair value hierarchy at Level 2 as inputs other than quoted prices.

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

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

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

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

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

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

The District's investments in the Allspring Government Money Market Fund and the Fidelity Institutional Government Money Market Fund were both rated Aaa-mf by Moody's Rating Agency, a nationally recognized statistical rating organization (NSRO).

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

*Local Government Investment Pool* - At June 30, 2023, the District and the College had \$42,169,340 invested in the Colorado Local Government Liquid Asset Trust Plus (ColoTrust). ColoTrust is an investment vehicle established for local government entities in Colorado to pool surplus funds. The Colorado Division of Securities administers and enforces the requirements of creating and operating ColoTrust. ColoTrust operates in conformity with the Securities and Exchange Commission's Rule 2a-7. ColoTrust is measured at the net asset value per share, with each share valued at \$1. ColoTrust is rated AAAM by Standard and Poor's. Investments of ColoTrust is limited to those allowed by State statutes. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. The custodian's internal records identify the investments owned by the participating governments.

**DELTA COUNTY JOINT SCHOOL DISTRICT 50J**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2023

**NOTE 3: Interfund Balances and Transfers**

At June 30, 2023, the General Fund temporarily subsidized negative cash balance of the Grants Fund in the amount of \$1,761,288, which was repaid after receivables were collected after year-end.

During the year ended June 30, 2023, the General Fund transferred \$103,841 to the Student Activities Fund to finance certain student activities. General Fund also transferred \$2,195,205 to the Capital Reserve Fund to finance future capital projects.

**NOTE 4: Capital Assets**

Capital asset activity for the year ended June 30, 2023, is summarized below.

	Balance 6/30/2022	Additions	Deletions	Balance 6/30/2023
<b>Governmental Activities:</b>				
Capital Assets, Not Being Depreciated:				
Land	\$ 633,306	\$ -	\$ -	\$ 633,306
Land - College	97,233	-	-	97,233
Construction in Progress	5,095,399	2,839,370	6,965,656	969,113
<b>Total Capital Assets, Not Being Depreciated</b>	<b>5,825,938</b>	<b>2,839,370</b>	<b>6,965,656</b>	<b>1,699,652</b>
Capital Assets, Being Depreciated:				
Buildings and Improvements	104,911,199	7,243,351	-	112,154,550
Buildings and Improvements - College	4,532,771	10,446	-	4,543,217
Furniture and Equipment	3,369,800	292,888	-	3,662,688
Food Service Equipment	516,203	14,284	-	530,487
Furniture and Equipment - College	983,877	125,965	239,556	870,286
Vehicles	3,632,810	207,788	-	3,840,598
<b>Total Capital Assets, Being Depreciated</b>	<b>117,946,660</b>	<b>7,894,722</b>	<b>239,556</b>	<b>125,601,826</b>
Less Accumulated Depreciation:				
Buildings and Improvements	(54,368,836)	(2,926,714)	-	(57,295,550)
Buildings and Improvements - College	(3,325,641)	(103,729)	-	(3,429,370)
Furniture and Equipment	(1,877,808)	(243,870)	-	(2,121,678)
Food Service Equipment	(483,559)	(7,110)	-	(490,669)
Furniture and Equipment - College	(610,116)	(60,008)	(233,329)	(436,795)
Vehicles	(2,135,109)	(404,242)	-	(2,539,351)
<b>Total Accumulated Depreciation</b>	<b>(62,801,069)</b>	<b>(3,745,673)</b>	<b>(233,329)</b>	<b>(66,313,413)</b>
<b>Total Capital Assets, Being Depreciated, Net</b>	<b>55,145,591</b>	<b>4,149,049</b>	<b>6,227</b>	<b>59,288,413</b>
<b>Total Capital Assets, Governmental Activities, Net</b>	<b>\$ 60,971,529</b>	<b>\$ 6,988,419</b>	<b>\$ 6,971,883</b>	<b>\$ 60,988,065</b>

**DELTA COUNTY JOINT SCHOOL DISTRICT 50J**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2023

**NOTE 4: Capital Assets (Continued)**

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

Instruction - District	\$ 52,772
Instruction - College	163,653
Supporting Services - District	3,522,054
Supporting Services - College	84
Food Service - District	7,110
	7,110
Total	\$ 3,745,673

**NOTE 5: Long-Term Debt**

Following is a summary of long-term debt transactions for the year ended June 30, 2023.

	Balance 6/30/2022	Additions	Reductions	Balance 6/30/2023	Due in One Year
<b>Governmental Activities</b>					
G.O. Bonds, Series 2011	\$ 1,585,000	\$ -	\$ 1,000,000	\$ 585,000	\$ 585,000
Bond Premium, Series 2011	48,490	-	34,225	14,265	-
G.O. Bonds, Series 2014	1,790,000	-	800,000	990,000	990,000
Bond Premium, Series 2014	10,222	-	7,218	3,004	-
G.O. Bonds, Series 2023	-	27,700,000	-	27,700,000	-
Bond Premium, Series 2023	-	3,206,322	64,126	3,142,196	-
BEST Grant Program COPs	1,299,443	-	141,849	1,157,594	147,292
Financed Purchase	205,673	-	37,977	167,696	39,472
Lease - Equipment	54,931	-	54,931	-	-
Early Retirement Incentive	323,382	-	154,928	168,454	102,762
Compensated Absences	469,401	-	37,558	431,843	431,843
	469,401	-	37,558	431,843	431,843
Total Long-Term Debt	\$ 5,786,542	\$ 30,906,322	\$ 2,332,812	\$ 34,360,052	\$ 2,296,369

Compensated absences and early retirement incentive are expected to be liquidated primarily with revenues of the General Fund.

On October 6, 2011, the District issued General Obligation Refunding Bonds, Series 2011, in the amount of \$6,210,000 to advance refund the District's General Obligation Bonds, Series 2002, and General Obligation Bonds, Series 2003A and Series 2003B. The bonds were refunded to obtain a lower interest rate. Principal payments are due annually on December 1, through 2023. Interest payments are due semi-annually on June 1<sup>st</sup> and December 1<sup>st</sup>, with interest accruing at rates ranging from 2% to 4% per annum. The full faith and credit of the District is pledged for the payment of the principal and interest on these bonds with ad valorem taxes on all of the taxable property in the District.

**DELTA COUNTY JOINT SCHOOL DISTRICT 50J**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2023

**NOTE 5: Long-Term Debt (Continued)**

On September 4, 2014, the District issued General Obligation Refunding Bonds, Series 2014, in the amount of \$3,115,000 to advance refund the District's General Obligation Bonds, Series 2006. The bonds were refunded to obtain a lower interest rate. Principal payments are due annually on December 1, through 2023. Interest payments are due semi-annually on June 1<sup>st</sup> and December 1<sup>st</sup>, with interest accruing at rates ranging from 2% to 2.5% per annum. The full faith and credit of the District is pledged for the payment of the principal and interest on these bonds with ad valorem taxes on all of the taxable property in the District.

On March 28, 2023, the District issued General Obligation Bonds, Series 2023, in the amount of \$27,700,000 to improve the safety and security of Delta High School, North Fork High School, Cedaredge High School, and Paonia K-8. In addition, the District will use these proceeds to renovate physical education spaces in the District's three high schools to address safety and health concerns. Principal payments are due annually on December 1, through 2047. Principal payments will begin December 2024. Interest payments are due semi-annually on June 1<sup>st</sup> and December 1<sup>st</sup>, with interest accruing at a fixed rate of 5% per annum. The full faith and credit of the District is pledged for the payment of the principal and interest on these bonds with ad valorem taxes on all of the taxable property in the District.

Bond payments to maturity are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 1,575,000	\$ 1,406,150	\$ 2,981,150
2025	620,000	1,369,500	1,989,500
2026	655,000	1,337,625	1,992,625
2027	685,000	1,304,125	1,989,125
2028	720,000	1,269,000	1,989,000
2029-3033	4,180,000	5,753,000	9,933,000
2034-2038	5,340,000	4,568,750	9,908,750
2039-2043	6,810,000	3,057,250	9,867,250
2044-2048	8,690,000	1,128,250	9,818,250
Total	<u>\$ 29,275,000</u>	<u>\$ 21,193,650</u>	<u>\$ 50,468,650</u>

On March 16, 2010, the District entered into a financing purchase agreement, Certificate of Participation, Series 2010, to finance the grant-matching portion of the State of Colorado's Building Excellent Schools Today (BEST) program. The BEST program was used to update and renovate the Cedaredge Elementary School in the amount of \$2,619,026. The project will transfer to the District upon final payment of this financing purchase agreement. Principal payments are due annually on December 1, through 2029. Interest payments are due semi-annually on June 1<sup>st</sup> and December 1<sup>st</sup>, with interest accruing at a fixed rate of 3.84% per annum.

**DELTA COUNTY JOINT SCHOOL DISTRICT 50J**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2023

**NOTE 5: Long-Term Debt (Continued)**

Certificates of Participation payments to maturity are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 147,292	\$ 41,586	\$ 188,878
2025	152,942	35,826	188,768
2026	158,810	29,846	188,656
2027	164,903	23,637	188,540
2028	171,229	17,189	188,418
2029-2030	362,418	14,035	376,453
Total	<u>\$ 1,157,594</u>	<u>\$ 162,119</u>	<u>\$ 1,319,713</u>

On August 17, 2017, the District entered into a financed purchase agreement (lease purchase agreement) with the Bank of Colorado in the amount of \$380,000, with an initial payment of \$185,000, to finance the purchase of land and construct and furnish the property at 145 W. 4<sup>th</sup> Street, Delta, Colorado. Payments are due monthly for a term of one year with nine one-year consecutive renewals as determined by the District. The agreement expires upon the occurrence of the following: 1) earliest of completion of all payments, 2) the option used by the Bank of Colorado on September 1<sup>st</sup> of any budget non-appropriation by the District, 3) the exercise by the District of the option to purchase the property, or 4) the occurrence of an event of default. The District expects to exercise the option to purchase the property more than likely based upon the completion of all payments. Payments are made annually in the amount of 44,011 beginning in October 1, 2017, through September 1, 2027, with interest at 2.99% per annum. The property is pledged as collateral for payment of the financed purchase. During fiscal year ended June 30, 2023, the District paid \$44,011.

On March 19, 2019, the District entered into a lease agreement with Apple Financial Services to purchase computer hardware. Future minimum lease obligations are made annually in the amount of \$54,931 on July 15<sup>th</sup>, through 2022. No interest is charged on the lease. At June 30, 2023, the District paid the lease in full.

**NOTE 6: Risk Management**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. The District maintains commercial insurance for all risks of loss. There have been no significant reductions in coverage from the prior year and settled claims have not exceeded coverage in any of the past three years.

**DELTA COUNTY JOINT SCHOOL DISTRICT 50J**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2023

**NOTE 7: Defined Benefit Pension Plan**

**General Information**

*Plan Description* - The District contributes to the School Division Trust Fund (SDTF), a cost-sharing multiple-employer defined benefit pension plan administered by the Public Employees' Retirement Association of Colorado (PERA). All employees of the District participate in the SDTF. Title 24, Article 51 of the Colorado Revised Statutes (CRS) assigns the authority to establish and amend plan provisions to the State Legislature. PERA issues a publicly available annual comprehensive financial report that includes information on the SDTF. That report may be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

*Benefits Provided as of December 31, 2022* - The SDTF provides retirement, disability, and survivor benefits to plan participants or their beneficiaries. Retirement benefits are determined by the amount of service credit earned or purchased, highest average salary, the benefit structure in place, the benefit option selected at retirement, and age at retirement. The retirement benefit is the greater of the a) highest average salary over five years multiplied by 2.5% and then multiplied by years of service credit, or b) the value of the participant's contribution account plus an equal match on the retirement date, annualized into a monthly amount based on life expectancy and other actuarial factors. In no case can the benefit amount exceed the highest average salary, or the amount allowed by applicable federal regulations.

Upon meeting certain criteria, benefit recipients who elect to receive a lifetime retirement benefit generally receive post-retirement cost-of-living adjustments, referred to as annual increases in the CRS Subject to the automatic adjustment provision (AAP) under CRS § 24-51-413, eligible benefit recipients under the PERA benefit structure who began membership before January 1, 2007, will receive the maximum annual increase (AI) or AI cap of 1.00% 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). The AAP may raise or lower the aforementioned AI cap by up to 0.25% based on the parameters specified in CRS § 24-51-413. Disability benefits are available for eligible employees once they reach five years of earned service credit and meet the definition of a disability. The disability benefit amount is based on the retirement benefit formula described previously, considering a minimum of twenty years of service credit.

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

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

*Contributions provisions as of June 30, 2023* - The District and eligible employees are required to contribute to the SDTF at rates established by Title 24, Article 51, Part 4 of the CRS. These contribution requirements are established and may be amended by the State Legislature. The contribution rate for employees was 11% for the period from July 1, 2022, through June 30, 2023. The District's contribution rate for the fiscal year was 21.40% of covered salaries. However, a portion of the District's contribution (1.02% of covered salaries) is allocated to the Health Care Trust Fund (Note 8). The District's contributions to the SDTF for the year ended June 30, 2023, were \$6,438,157, equal to the required contributions.

**DELTA COUNTY JOINT SCHOOL DISTRICT 50J**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2023

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

**General Information (Continued)**

As specified in CRS § 24-51-414, the State of Colorado 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 SDTF based on the proportionate amount of annual payroll of the SDTF to the total annual payroll of the SDTF, 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, upon enactment. July 1, 2023, payment is reduced by \$190 million to \$35 million. 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, for a total of approximately \$49.5 million to be contributed July 1, 2023. The State is considered a nonemployer contributing entity.

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

At June 30, 2023, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the net pension liability	\$ 73,318,460
District's proportionate share of the net pension liability associated with the District	<u>21,365,736</u>
Total	<u>\$ 94,684,196</u>

The net pension liability was measured at December 31, 2022, and the total pension liability 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 total pension liability to December 31, 2022.

The District’s proportion of the net pension liability was based on the District’s contributions to the SDTF for the calendar year ended December 31, 2022, relative to the contributions of all participating employers and the state as a nonemployer contributing entity. At December 31, 2022, the District’s proportion was 0.4026392894%, which was a decrease of 0.0572776676% from its proportion measured at December 31, 2021.

For the year ended June 30, 2023, the District recognized pension expense of \$1,792,970 and a revenue of (\$2,512,480) representing support from the state as a nonemployer contributing entity. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 693,889	\$ -
Changes of assumptions and other inputs	1,298,712	-
Net difference between projected and actual earnings on plan investments	9,849,373	-
Changes in proportion	2,426,345	7,229,335
Contributions subsequent to the measurement date	3,209,775	-
Total	\$ 17,478,094	\$ 7,229,335

District contributions subsequent to the measurement date of \$3,209,775 will be recognized as a reduction of the net pension liability in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30,

2024	\$ (166,415)
2025	(1,255,743)
2026	2,732,202
2027	5,728,940
Total	\$ 7,038,984

*Actuarial Assumptions* - The actuarial valuation as of December 31, 2021, determined the total pension liability using the following actuarial assumptions and other inputs.

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

**DELTA COUNTY JOINT SCHOOL DISTRICT 50J**  
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**NOTE 7: Defined Benefit Pension Plan (Continued)**

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

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

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

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

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.

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

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

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

**DELTA COUNTY JOINT SCHOOL DISTRICT 50J**  
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**NOTE 7: Defined Benefit Pension Plan (Continued)**

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

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

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 of 7.25%.

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

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00%.
- District contributions were assumed to be made at the member contribution rates in effect for each year, including the scheduled increases in Senate Bill (SB) 18-200, required adjustments resulting from the 2018 AAP assessment, and the additional 0.50% resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022. Employee contributions for future plan participants were used to reduce the estimated amount of total service costs for future plan members.
- District contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the scheduled increase in SB 18-200, required adjustments resulting from the 2018 AAP assessment, and the additional 0.50% resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022. District contributions also include current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103%, at which point the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated District contributions reflect reductions for the funding of the annual increase reserve and retiree health care benefits. For future plan members, District contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.

**DELTA COUNTY JOINT SCHOOL DISTRICT 50J**  
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**NOTE 7: Defined Benefit Pension Plan (Continued)**

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

- As specified in law, the state, as a nonemployer contributing entity, will provide an annual direct distribution of \$225 million, commencing July 1, 2018, that is proportioned between the PERA Division Trust Funds, including SDTF, based upon the covered payroll. The annual direct distribution ceases when all PERA Division Trust Funds are fully funded.
- HB 22-1029, effective upon enactment in 2022, required the State treasurer to issue, in addition to the regularly scheduled \$225 million direct distribution, a warrant to PERA in the amount of \$380 million. The July 1, 2023, direct distribution is reduced by \$190 million to \$35 million. The July 1, 2024, direct distribution will not be reduced from \$225 million due to PERA's negative investment return in 2022.
- District contributions and the amount of total service costs for future plan participants were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan participant growth rate.
- The annual increase reserve balance was excluded from the initial fund net position, as, per statute, annual increase reserve amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. Annual increase reserve transfers to the fiduciary net position and the subsequent annual increase reserve benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the middle of the year.

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

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	\$ 95,948,649	\$ 73,318,460	\$ 54,419,941

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

**DELTA COUNTY JOINT SCHOOL DISTRICT 50J**  
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**NOTE 8: Postemployment Healthcare Benefits**

**General Information**

*Plan Description* - All employees of the District are eligible to receive postemployment benefits other than pensions (OPEB) through the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the Public Employees' Retirement Association of Colorado (PERA). Title 24, Article 51, Part 12 of the Colorado Revised Statutes (CRS) assigns the authority to establish and amend plan provisions to the State Legislature. PERA issues a publicly available financial report that includes information on the HCTF. That report may be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

*Benefits Provided* - The HCTF provides a healthcare premium subsidy to eligible benefit recipients and retirees who choose to enroll. Eligibility to enroll is voluntary and includes benefit recipients, their eligible dependents and surviving spouses, among others. Eligible benefit recipients may enroll in the HCTF upon retirement, upon the occurrence of certain life events, or on an annual basis during an open enrollment period. The health care premium subsidy is based on the benefit structure under which the member retires and the member's years of service credit.

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

The maximum service-based premium subsidy is \$230 per month for benefit recipients who are under 65 years of age and who are not entitled to Medicare, and \$115 per month for benefit recipients who are over 65 years of age or who are under 65 years of age and entitled to Medicare. An additional subsidy is provided if the benefit recipient has not participated in Social Security and is not otherwise eligible for Medicare Part A. The maximum subsidy is based on 20 or more years of service. The subsidy is reduced by 5% for each year of service less than 20 years. The benefit recipient pays the remaining portion of the premium not covered by the subsidy.

*Contributions* - As established by Title 24, Article 51, Section 208 of the CRS, 1.02% of the District's contributions to the School Division Trust Fund (SDTF) (See Note 7) is apportioned to the HCTF. No employee contributions are required. These contribution requirements are established and may be amended by the State Legislature. The District's apportionment to the HCTF for the year ended June 30, 2023, was \$322,224, equal to the required amount.

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

At June 30, 2023, the District reported a net OPEB liability of \$2,498,305, representing its proportionate share of the net OPEB liability of the HCTF. The net OPEB liability was measured at December 31, 2022, and the total OPEB liability 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 total OPEB liability to December 31, 2022.

The District's proportion of the net OPEB liability was based on the District's contributions to the HCTF for the calendar year ended December 31, 2022, relative to the contributions of all participating employers.

**DELTA COUNTY JOINT SCHOOL DISTRICT 50J**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**NOTE 8: Postemployment Healthcare Benefits (Continued)**

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

At December 31, 2022, the District's proportion was 0.3059851998%, which was an increase of 0.0056942561% from its proportion measured at December 31, 2021.

For the year ended June 30, 2023, the District recognized OPEB expense of (\$143,315). At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 332	\$ 604,183
Changes of assumptions and other inputs	40,156	275,732
Net difference between projected and actual earnings on plan investments	152,597	-
Changes in proportion	315,181	38,921
Contributions subsequent to the measurement date	160,646	-
<b>Total</b>	<b>\$ 668,912</b>	<b>\$ 918,836</b>

District contributions subsequent to the measurement date of \$160,646 will be recognized as a reduction of the net OPEB liability in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

<u>Year Ended June 30,</u>	
2024	\$ (204,259)
2025	(161,477)
2026	(31,059)
2027	43,962
2028	(45,515)
2029	(12,222)
<b>Total</b>	<b>\$ (410,570)</b>

*Actuarial Assumptions* - The actuarial valuation as of December 31, 2021, determined the total OPEB liability using the following actuarial assumptions and other inputs, applied to all periods included in the measurement.

**DELTA COUNTY JOINT SCHOOL DISTRICT 50J**  
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**NOTE 8: Postemployment Healthcare Benefits (Continued)**

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

	Entry Age
Actuarial Cost Method	2.30%
Price inflation	0.70%
Real wage growth	3.00%
Wage inflation	3.40% - 11.00%
Salary increases, including wage inflation	
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:	
Service-based premium subsidy	0.0%
PERACare Medicare plans	
6.5% in 2022, gradually decreasing to 4.5% in 2030	
Medicare Part A premiums:	
3.75% in 2022, gradually increasing to 4.5% in 2029	

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

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 to all members and is adjusted accordingly for those not eligible for premium-free Medicare Part A for the PERA benefit structure.

**DELTA COUNTY JOINT SCHOOL DISTRICT 50J**  
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**NOTE 8: Postemployment Healthcare Benefits (Continued)**

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

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

Calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each actuarial valuation and on the pattern of sharing of costs between employers of each fund to that point.

In determining the additional liability for PERACare enrollees who are age 65 or older and who are not eligible for premium-free Medicare Part A in the December 31, 2022, valuation, the following monthly costs/premium (actual dollars) are assumed for 2023 for the PERA Benefit Structure:

Sample Age	MAPD PPO #1 with Medicare Part A for Retiree/Spouse		MAPD PPO #2 with Medicare Part A for Retiree/Spouse		MAPD HMO (Kaiser) with Medicare Part A for Retiree/Spouse	
	Male	Female	Male	Female	Male	Female
65	\$ 1,704	\$ 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

Sample Age	MAPD PPO #1 without Medicare Part A for Retiree/Spouse		MAPD PPO #2 without Medicare Part A for Retiree/Spouse		MAPD HMO (Kaiser) without Medicare Part A for Retiree/Spouse	
	Male	Female	Male	Female	Male	Female
65	\$ 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

**DELTA COUNTY JOINT SCHOOL DISTRICT 50J**  
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**NOTE 8: Postemployment Healthcare Benefits (Continued)**

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

The 2022 Medicare Part A premium is \$499 (actual dollars) per month. All costs are subject to the health care cost trend rates.

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

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.

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

<u>Year</u>	<u>PERACare Medicare Plans</u>	<u>Medicare Part A Premiums</u>
2021	4.50%	3.75%
2022	6.00%	3.75%
2023	5.80%	4.00%
2024	5.60%	4.00%
2025	5.40%	4.00%
2026	5.10%	4.25%
2027	4.90%	4.25%
2028	4.70%	4.25%
2029+	4.50%	4.50%

Mortality assumptions used in the December 31, 2021, valuation for the determination of the total pension liability as shown below, reflect generational mortality and were applied, as applicable, in the determination of the total OPEB liability for the HCTF, but developed using a headcount-weighted basis. SDTF participates in the HCTF (Note 7).

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

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

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

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

The health care costs assumptions were updated and used in the roll-forward calculation for the HCTF. Per capita health care costs as of the December 31, 2021, valuation date for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits were updated to reflect the costs for the 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.

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

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 total OPEB liability, reflecting a recommendation from the 2022 actuarial audit report, dated October 14, 2022, summarizing the result of the actuarial audit performed on the December 31, 2021, actuarial valuation.

The actuarial assumptions used in the December 31, 2021, valuations 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 weighing the expected future real rates of return by the target asset allocation percentages and then adding expected inflation.

**DELTA COUNTY JOINT SCHOOL DISTRICT 50J**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**NOTE 8: Postemployment Healthcare Benefits (Continued)**

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

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

**DELTA COUNTY JOINT SCHOOL DISTRICT 50J**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2023

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

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

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

	1% Decrease (6.25%)	Current Trend Rates (7.25%)	1% Increase (8.25%)
Initial PERACare Medicare trend rate	3.50%	4.50%	5.50%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	2.75%	3.75%	4.75%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability	<u>\$ 2,427,592</u>	<u>\$ 2,498,305</u>	<u>\$ 2,575,248</u>

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	<u>\$ 2,896,275</u>	<u>\$ 2,498,305</u>	<u>\$ 2,157,912</u>

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

**NOTE 9: Commitments and Contingencies**

**Claims and Judgments**

The District participates in a number of federal, state, and local programs that are fully or partially funded by grants received from other governmental entities. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the District may be required to reimburse the grantor government. At June 30, 2023, significant amounts of grant expenditures have not been audited but management believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the District.

**DELTA COUNTY JOINT SCHOOL DISTRICT 50J**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2023

**NOTE 9: Commitments and Contingencies (Continued)**

**Tabor Amendment**

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

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

The Amendment requires the District to establish a reserve for emergencies, representing 3% of qualifying expenditures. At June 30, 2023, the District's and the College's emergency reserve was reported as restricted fund balance in the General Fund and the Technical College of the Rockies Fund (blended component unit), respectively, in the amount of \$1,610,000.

**Litigation**

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

**NOTE 10: Self-Insurance**

At June 30, 2023, the District manages a self-insurance fund with respect to health and dental insurance claims. However, an excess liability policy was purchased in the amount of \$175,000. Claim liabilities, including incurred but not reported (IBNR) claims, are based on the estimated cost of claims, including the effects of inflation and other societal and economic factors, using past experience adjusted for current trends, and any other factors that would modify past experience. Claim liabilities also include specific, incremental claim adjustment expenses. Estimated amounts of salvage and subrogation and reinsurance recoverable on unpaid claims are deducted from the liability for unpaid claims. Expenses and liabilities are estimated through a case-by-case review of claims and application of historical experience for outstanding claims. Subsequent to the fiscal year ended June 30, 2023, the District discontinued the self-insurance program and purchased third-party insurance for employees' health and dental plans.

Changes in the internal services fund's stop-loss premiums and claims are as follows:

Claims Payable, June 30, 2021	\$ 496,381
Claims Incurred and Adjustments	7,342,822
Payments	(7,186,513)
Claims Payable, June 30, 2022	652,690
Claims Incurred and Adjustments	7,695,488
Payments	(7,827,152)
Claims Payable, June 30, 2023	\$ 521,026

**DELTA COUNTY JOINT SCHOOL DISTRICT 50J**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2023

**NOTE 11: Restatements and Reclassification**

The District required a retroactive reclassification of a beginning fund balance from a fiduciary fund to a special revenue fund based on the definition of a fiduciary fund in accordance with Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. The College's Student Activity Fund did not meet the criteria to be classified as a fiduciary fund-type. As a result, this fund was reclassified to be reported as a nonmajor special revenue fund in the District's governmental funds / governmental activities to comply with GASB No. 84, *Fiduciary Activities*. This reclassification required a restatement to governmental activities, governmental funds, and fiduciary funds as of June 30, 2022.

In addition, the District made a correction of an error to the net position of governmental activities as of June 30, 2022. The error related to the reporting of the pension- and OPEB-related deferred outflows of resources, deferred inflows of resources, and governmental activities net position for the fiscal year ended June 30, 2022. As a result, the deferred outflows of resources and deferred inflows of resources related to pensions and OPEB required a restatement of the governmental activities net position as of June 30, 2022, to comply with GASB No. 68, *Accounting and Financial Reporting for Pensions* and GASB No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

The impact of the restatements as of June 30, 2022, on financial statements is identified as follows:

	<u>Fiduciary Funds</u>	<u>Governmental Funds</u>
	<u>Custodial Fund</u>	<u>Nonmajor Funds</u>
	Technical College	Technical College
	<u>Student Activity</u>	<u>Student Activity</u>
Net Position/Fund Balance, Beginning, as Originally Stated	\$ 50,267	\$ -
Reclassification of Beginning Fund Balance/Net Position	(50,267)	50,267
Restatement - Correction of Prior Year Errors:		
Deferred Outflows of Resouces - Pensions	-	-
Deferred Outflows of Resouces - OPEB	-	-
Deferred Inflows of Resources - Pensions	-	-
Deferred Inflows of Resources - OPEB	-	-
Net Position/Fund Balance, Beginning, as Restated	<u>\$ -</u>	<u>\$ 50,267</u>
	Total	
	<u>Governmental</u>	<u>Governmental</u>
	Funds	Activities
Net Position/Fund Balance, Beginning, as Originally Stated	\$ 20,702,368	\$ 7,177,318
Reclassification of Beginning Fund Balance/Net Position	50,267	50,267
Restatement - Correction of Prior Year Errors:		
Deferred Outflows of Resouces - Pensions	-	1,056,595
Deferred Outflows of Resouces - OPEB	-	186,952
Deferred Inflows of Resources - Pensions	-	(24,413)
Deferred Inflows of Resources - OPEB	-	(4,708)
Net Position/Fund Balance, Beginning, as Restated	<u>\$ 20,752,635</u>	<u>\$ 8,442,011</u>

**REQUIRED SUPPLEMENTARY INFORMATION**

**DELTA COUNTY JOINT SCHOOL DISTRICT 50J**

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

Year Ended June 30, 2023

	BUDGET		ACTUAL	VARIANCE
	ORIGINAL	FINAL		Positive (Negative)
REVENUES				
Local Sources				
Property Taxes	\$ 10,507,736	\$ 10,771,299	\$ 10,581,790	\$ (189,509)
Specific Ownership Taxes	1,737,350	1,773,350	1,863,913	90,563
Tuition, Fees, and Charges for Services	104,350	104,350	175,849	71,499
Grants and Contributions	1,500	1,500	15,588	14,088
Services Provided Charter School	230,783	209,985	174,754	(35,231)
Indirect Cost Revenues	359,940	358,940	434,999	76,059
Interest Income	450	143,000	319,364	176,364
Miscellaneous	495,609	736,505	659,121	(77,384)
County Sources	15,000	28,757	28,757	-
State Sources	32,290,553	33,365,313	33,757,402	392,089
Federal Sources	522,427	522,427	481,438	(40,989)
<b>TOTAL REVENUES</b>	<b>46,265,698</b>	<b>48,015,426</b>	<b>48,492,975</b>	<b>477,549</b>
EXPENDITURES				
Current				
Instruction	26,470,860	26,771,282	25,806,215	965,067
Supporting Services				
Students	1,638,643	1,604,036	1,531,377	72,659
Instructional Staff	1,694,342	1,579,149	1,428,796	150,353
General Administration	615,817	619,582	621,636	(2,054)
School Administration	4,127,634	4,110,285	4,110,630	(345)
Business Services	609,225	623,436	558,420	65,016
Operations and Maintenance	4,772,613	4,714,693	4,709,084	5,609
Student Transportation	2,017,849	2,134,966	2,136,519	(1,553)
Central Support	2,120,671	2,083,976	2,284,687	(200,711)
Community Services	71,050	71,050	81,528	(10,478)
Total Supporting Services	17,667,844	17,541,173	17,462,677	78,496
Capital Outlay	852,280	852,275	73,591	778,684
Debt Service				
Principal	64,550	64,550	54,931	9,619
<b>TOTAL EXPENDITURES</b>	<b>45,055,534</b>	<b>45,229,280</b>	<b>43,397,414</b>	<b>1,831,866</b>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	1,210,164	2,786,146	5,095,561	2,309,415
OTHER FINANCING SOURCES (USES)				
Transfers Out	(1,229,046)	(2,299,046)	(2,299,046)	-
CHANGE IN FUND BALANCE	(18,882)	487,100	2,796,515	2,309,415
FUND BALANCE, Beginning	10,049,857	11,870,184	11,870,184	-
FUND BALANCE, Ending	\$ 10,030,975	\$ 12,357,284	\$ 14,666,699	\$ 2,309,415

**DELTA COUNTY JOINT SCHOOL DISTRICT 50J**

**BUDGETARY COMPARISON SCHEDULE**

**GRANTS FUND**

Year Ended June 30, 2023

	BUDGET		ACTUAL	VARIANCE
	ORIGINAL	FINAL		Positive (Negative)
REVENUES				
Local Grants	\$ 1,344,416	\$ 1,549,045	\$ 1,301,271	\$ (247,774)
State Grants	2,085,519	2,128,988	1,976,594	(152,394)
Federal Grants	<u>13,366,106</u>	<u>13,575,632</u>	<u>8,247,704</u>	<u>(5,327,928)</u>
 TOTAL REVENUES	 <u>16,796,041</u>	 <u>17,253,665</u>	 <u>11,525,569</u>	 <u>(5,728,096)</u>
EXPENDITURES				
Current				
Instruction	6,446,563	6,565,187	5,491,550	1,073,637
Supporting Services				
Students	1,388,745	1,388,745	1,499,807	(111,062)
Instructional Staff	1,882,017	1,882,017	1,818,305	63,712
General Administration	-	-	53,101	(53,101)
School Administration	660,008	710,008	605,629	104,379
Business Services	4,880	4,880	9,020	(4,140)
Operations and Maintenance	5,967,954	6,087,954	1,515,260	4,572,694
Student Transportation	10,198	10,198	27,322	(17,124)
Central Support	35,560	35,560	35,575	(15)
Non-Instructional	189,669	189,669	173,470	16,199
Food Service	-	-	27,718	(27,718)
Community Services	106,424	106,424	187,474	(81,050)
Capital Outlay	<u>104,023</u>	<u>104,023</u>	<u>81,338</u>	<u>22,685</u>
 TOTAL EXPENDITURES	 <u>16,796,041</u>	 <u>17,084,665</u>	 <u>11,525,569</u>	 <u>5,559,096</u>
 CHANGE IN FUND BALANCE	 -	 169,000	 -	 (169,000)
 FUND BALANCE, Beginning	 <u>-</u>	 <u>-</u>	 <u>-</u>	 <u>-</u>
 FUND BALANCE, Ending	 <u>\$ -</u>	 <u>\$ 169,000</u>	 <u>\$ -</u>	 <u>\$ (169,000)</u>

**DELTA COUNTY JOINT SCHOOL DISTRICT 50J**  
**BUDGETARY COMPARISON SCHEDULE**  
**TECHNICAL COLLEGE OF THE ROCKIES**  
Year Ended June 30, 2023

	BUDGET		ACTUAL	VARIANCE
	ORIGINAL	FINAL		Positive (Negative)
REVENUES				
Local Sources				
Tuition, Fees and Services, <i>Net of</i> <i>Scholarship Allowances</i>	\$ 1,563,824	\$ 1,744,701	\$ 809,342	\$ (935,359)
Other Local	37,677	356,975	1,011,594	654,619
State Grants	2,207,090	2,502,170	2,317,599	(184,571)
Federal Grants	937,919	1,291,358	935,323	(356,035)
TOTAL REVENUES	<u>4,746,510</u>	<u>5,895,204</u>	<u>5,073,858</u>	<u>(821,346)</u>
EXPENDITURES				
Current				
Instruction	<u>2,537,567</u>	<u>3,037,932</u>	<u>2,369,249</u>	<u>668,683</u>
Supporting Services				
Students	433,671	523,682	543,654	(19,972)
Instructional Staff	210,316	126,339	119,684	6,655
General Administration	500	4,500	774	3,726
School Administration	496,982	560,919	632,926	(72,007)
Business Services	428,068	777,897	563,910	213,987
Operations and Maintenance	293,073	295,784	330,920	(35,136)
Central Support	11,209	49,147	52,599	(3,452)
Total Supporting Services	<u>1,873,819</u>	<u>2,338,268</u>	<u>2,244,467</u>	<u>93,801</u>
Capital Outlay	<u>88,167</u>	<u>241,433</u>	<u>129,714</u>	<u>111,719</u>
TOTAL EXPENDITURES	<u>4,499,553</u>	<u>5,617,633</u>	<u>4,743,430</u>	<u>874,203</u>
CHANGE IN FUND BALANCE	246,957	277,571	330,428	52,857
FUND BALANCE, Beginning	<u>1,735,296</u>	<u>1,881,796</u>	<u>1,881,796</u>	<u>-</u>
FUND BALANCE, Ending	<u>\$ 1,982,253</u>	<u>\$ 2,159,367</u>	<u>\$ 2,212,224</u>	<u>\$ 52,857</u>

**DELTA COUNTY JOINT SCHOOL DISTRICT 50J**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AND CONTRIBUTIONS**  
**PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION OF COLORADO SCHOOL DIVISION TRUST FUND**  
June 30, 2023

	<u>12/31/22</u>	<u>12/31/21</u>	<u>12/31/20</u>
<b>PROPORTIONATE SHARE OF THE NET PENSION LIABILITY</b>			
District's Proportion of the Net Pension Liability	0.4026392894%	0.4599169570%	0.4778229836%
District's Proportionate Share of the Net Pension Liability	\$ 73,318,460	\$ 53,522,219	\$ 80,656,887
State's Proportionate Share of the Net Pension Liability			
Pension Liability Associated with the District	<u>21,365,736</u>	<u>5,634,408</u>	<u>-</u>
Total Proportionate Share of the Net Pension Liability	<u>\$ 94,684,196</u>	<u>\$ 59,156,627</u>	<u>\$ 80,656,887</u>
 District's Covered Payroll	 \$ 29,248,400	 \$ 28,695,368	 \$ 28,221,660
 District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	 251%	 187%	 286%
 Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	 62%	 75%	 67%
	<u>6/30/23</u>	<u>6/30/22</u>	<u>6/30/21</u>
<b>District Contributions</b>			
Statutorily Required Contribution	\$ 6,438,157	\$ 6,014,948	\$ 5,601,066
Contributions in Relation to the Statutorily Required Contribution	<u>(6,438,157)</u>	<u>(6,014,948)</u>	<u>(5,601,066)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
 District's Covered Payroll	 \$ 31,590,566	 \$ 30,256,255	 \$ 28,848,526
 Contributions as a Percentage of Covered Payroll	 20.38%	 19.88%	 19.42%

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

<u>12/31/19</u>	<u>12/31/18</u>	<u>12/31/17</u>	<u>12/31/16</u>	<u>12/31/15</u>	<u>12/31/14</u>
0.4095094650%	0.4147466003%	0.4976937567%	0.4535703172%	0.4434974303%	0.4701365240%
\$ 69,458,255	\$ 82,409,816	\$ 180,422,481	\$ 154,546,731	\$ 78,521,425	\$ 73,165,744
<u>7,818,251</u>	<u>9,912,941</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 77,276,506</u>	<u>\$ 92,322,757</u>	<u>\$ 180,422,481</u>	<u>\$ 154,546,731</u>	<u>\$ 78,521,425</u>	<u>\$ 73,165,744</u>
\$ 26,937,111	\$ 25,776,877	\$ 25,723,479	\$ 23,293,536	\$ 22,287,031	\$ 22,501,849
258%	320%	701%	663%	352%	325%
65%	57%	44%	43%	59%	63%
<u>06/30/20</u>	<u>06/30/19</u>	<u>06/30/18</u>	<u>06/30/17</u>	<u>06/30/16</u>	<u>06/30/15</u>
\$ 5,370,628	\$ 5,012,223	\$ 4,958,565	\$ 4,366,955	\$ 4,025,509	\$ 3,746,002
<u>(5,370,628)</u>	<u>(5,012,223)</u>	<u>(4,958,565)</u>	<u>(4,366,955)</u>	<u>(4,025,509)</u>	<u>(3,746,002)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 27,712,193	\$ 26,200,848	\$ 26,278,747	\$ 23,755,634	\$ 22,695,393	\$ 22,191,112
19.38%	19.13%	18.87%	18.38%	17.74%	16.88%

**DELTA COUNTY JOINT SCHOOL DISTRICT 50J**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY AND CONTRIBUTIONS**  
**PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION OF COLORADO HEALTH CARE TRUST FUND**  
June 30, 2023

	<u>12/31/22</u>	<u>12/31/21</u>	<u>12/31/20</u>
<b>PROPORTIONATE SHARE OF THE NET OPEB LIABILITY</b>			
District's Proportion of the Net OPEB Liability	0.3059851998%	0.3002909437%	0.2762801505%
District's Proportionate Share of the Net OPEB Liability	\$ 2,498,305	\$ 2,589,424	\$ 2,931,293
District's Covered Payroll	\$ 29,248,400	\$ 28,695,368	\$ 26,937,111
District's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	9%	9%	11%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	39%	39%	33%
	<u>6/30/23</u>	<u>6/30/22</u>	<u>6/30/21</u>
<b>District's Contributions</b>			
Statutorily Required Contribution	\$ 322,224	\$ 308,613	\$ 294,254
Contributions in Relation to the Statutorily Required Contribution	<u>(322,224)</u>	<u>(308,613)</u>	<u>(294,254)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 31,590,566	\$ 30,256,255	\$ 28,848,526
Contributions as a Percentage of Covered Payroll	1.02%	1.02%	1.02%

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

<u>12/31/19</u>	<u>12/31/18</u>	<u>12/31/17</u>
0.2676060375%	0.2695875193%	0.2827876798%
\$ 3,369,149	\$ 4,115,869	\$ 4,120,087
\$ 25,776,877	\$ 25,723,479	\$ 23,293,536
13%	16%	18%
24%	17%	18%
<u>6/30/20</u>	<u>6/30/19</u>	<u>6/30/18</u>
\$ 282,665	\$ 267,248	\$ 268,043
<u>(282,665)</u>	<u>(267,248)</u>	<u>(268,043)</u>
\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
\$ 27,712,193	\$ 26,200,848	\$ 26,278,747
1.02%	1.02%	1.02%

**DELTA COUNTY JOINT SCHOOL DISTRICT 50J**  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
June 30, 2023

**NOTE 1: Stewardship, Compliance, and Accountability**

**Budgetary Information**

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

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

**Budget Compliance**

At June 30, 2023, the District's Student Activity Fund and Insurance Fund actual expenditures/expenses exceeded budgeted appropriations by \$65,426 and \$510,122, respectively. This may be a violation of state statutes.

**Accountability**

At June 30, 2023, the District's Insurance Fund net position was negative by \$593,922, which exceeded available resources. The District discontinued the self-insurance program in the subsequent fiscal year, and transferred resources to the Insurance Fund to subsidize claims payable. This may be a violation of state statutes.

**NOTE 2: Schedule of Proportionate Share of the Net OPEB Liability and Contributions**

**Changes in Assumptions and Other Inputs**

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 total OPEB liability, 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.

## **SUPPLEMENTARY INFORMATION**

**DELTA COUNTY JOINT SCHOOL DISTRICT 50J**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
June 30, 2023

	TECHNICAL COLLEGE		STUDENT ACTIVITY		FOOD SERVICE		STUDENT ACTIVITY
<b>ASSETS</b>							
Cash and Investments	\$	75,540	\$	789,958	\$	590,738	
Accounts Receivable		-		147,556		-	
Taxes Receivable		-		-		-	
Inventories		-		146,711		-	
		-		146,711		-	
<b>TOTAL ASSETS</b>	<b>\$</b>	<b>75,540</b>	<b>\$</b>	<b>1,084,225</b>	<b>\$</b>	<b>590,738</b>	
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>							
<b>LIABILITIES</b>							
Accounts Payable	\$	-	\$	-	\$	-	
Accrued Salaries and Benefits		-		88,462		-	
Interfund Payable		-		-		125	
		-		88,462		125	
<b>TOTAL LIABILITIES</b>		<b>-</b>		<b>88,462</b>		<b>125</b>	
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Property Taxes		-		-		-	
<b>FUND BALANCES</b>							
Nonspendable Inventories		-		146,711		-	
Restricted for Debt Service		-		-		-	
Assigned to:							
Food Services		-		849,052		-	
Student Activities		75,540		-		590,613	
Capital Projects		-		-		-	
		-		-		-	
<b>TOTAL FUND BALANCES</b>		<b>75,540</b>		<b>995,763</b>		<b>590,613</b>	
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>							
	<b>\$</b>	<b>75,540</b>	<b>\$</b>	<b>1,084,225</b>	<b>\$</b>	<b>590,738</b>	

<u>CAPITAL RESERVE</u>	<u>DEBT SERVICE</u>	<u>TOTAL</u>
\$ 2,438,125	\$ 2,955,675	\$ 6,850,036
-	-	147,556
-	108,583	108,583
-	-	146,711
\$ 2,438,125	\$ 3,064,258	\$ 7,252,886
\$ 270	\$ -	\$ 270
6,271	-	94,733
-	-	125
6,541	-	95,128
-	48,427	48,427
-	-	146,711
-	3,015,831	3,015,831
-	-	849,052
-	-	666,153
2,431,584	-	2,431,584
2,431,584	3,015,831	7,109,331
\$ 2,438,125	\$ 3,064,258	\$ 7,252,886

**DELTA COUNTY JOINT SCHOOL DISTRICT 50J**  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 Year Ended June 30, 2023

	TECHNICAL COLLEGE STUDENT ACTIVITY	FOOD SERVICE	STUDENT ACTIVITY
REVENUES			
Local Sources	\$ 28,961	\$ 376,345	\$ 1,800,092
State Sources	-	35,260	-
Federal Sources	-	1,477,912	-
	28,961	1,889,517	1,800,092
 TOTAL REVENUES	 28,961	 1,889,517	 1,800,092
EXPENDITURES			
Current			
Instruction	3,688	-	2,075,426
Supporting Services	-	-	-
Food Services	-	1,954,074	-
Capital Outlay	-	14,284	-
Debt Service			
Principal	-	-	-
Interest and Fiscal Charges	-	-	-
	3,688	1,968,358	2,075,426
 TOTAL EXPENDITURES	 3,688	 1,968,358	 2,075,426
 EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	 25,273	 (78,841)	 (275,334)
OTHER FINANCING SOURCES			
Transfers In	-	-	103,841
	-	-	103,841
 CHANGE IN FUND BALANCES	 25,273	 (78,841)	 (171,493)
FUND BALANCES, Beginning, as Restated	50,267	1,074,604	762,106
FUND BALANCES, Ending	\$ 75,540	\$ 995,763	\$ 590,613

<u>CAPITAL RESERVE</u>	<u>DEBT SERVICE</u>	<u>TOTAL</u>
\$ 120,436	\$ 1,936,574	\$ 4,262,408
-	-	35,260
-	-	1,477,912
<u>120,436</u>	<u>1,936,574</u>	<u>5,775,580</u>
-	-	2,079,114
52,616	-	52,616
-	-	1,954,074
1,524,195	-	1,538,479
179,826	1,800,000	1,979,826
53,166	308,675	361,841
<u>1,809,803</u>	<u>2,108,675</u>	<u>7,965,950</u>
<u>(1,689,367)</u>	<u>(172,101)</u>	<u>(2,190,370)</u>
<u>2,195,205</u>	-	<u>2,299,046</u>
505,838	(172,101)	108,676
<u>1,925,746</u>	<u>3,187,932</u>	<u>7,000,655</u>
<u>\$ 2,431,584</u>	<u>\$ 3,015,831</u>	<u>\$ 7,109,331</u>

**DELTA COUNTY JOINT SCHOOL DISTRICT 50J**  
**BUDGETARY COMPARISON SCHEDULE**  
**TECHNICAL COLLEGE OF THE ROCKIES - STUDENT ACTIVITY FUND**  
Year Ended June 30, 2023

	BUDGET		ACTUAL	VARIANCE
	ORIGINAL	FINAL		Positive (Negative)
REVENUES				
Local Sources				
Contributions and Donations	\$ 10,000	\$ 10,000	\$ 28,961	\$ 18,961
EXPENDITURES				
Current				
Instruction	10,000	10,000	3,688	6,312
CHANGE IN FUND BALANCE	-	-	25,273	25,273
FUND BALANCE, Beginning, as Restated	-	50,267	50,267	-
FUND BALANCE, Ending	\$ -	\$ 50,267	\$ 75,540	\$ 25,273

**DELTA COUNTY JOINT SCHOOL DISTRICT 50J**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOOD SERVICE FUND**  
Year Ended June 30, 2023

	BUDGET		ACTUAL	VARIANCE
	ORIGINAL	FINAL		Positive (Negative)
REVENUES				
Local Sources				
Fees	\$ 338,992	\$ 324,000	\$ 376,345	\$ 52,345
State Grants	26,865	31,200	35,260	4,060
Federal Grants	1,206,789	1,385,670	1,477,912	92,242
<b>TOTAL REVENUES</b>	<b>1,572,646</b>	<b>1,740,870</b>	<b>1,889,517</b>	<b>148,647</b>
EXPENDITURES				
Current				
Salaries	815,526	810,081	815,780	(5,699)
Benefits	399,411	387,931	381,167	6,764
Purchased Services	10,750	-	1,142	(1,142)
Supplies and Materials	736,814	640,912	755,985	(115,073)
Capital Outlay	-	-	14,284	(14,284)
<b>TOTAL EXPENDITURES</b>	<b>1,962,501</b>	<b>2,212,288</b>	<b>1,968,358</b>	<b>243,930</b>
<b>CHANGE IN FUND BALANCE</b>	<b>(389,855)</b>	<b>(471,418)</b>	<b>(78,841)</b>	<b>392,577</b>
FUND BALANCE, Beginning	901,583	1,074,604	1,074,604	-
FUND BALANCE, Ending	<b>\$ 511,728</b>	<b>\$ 603,186</b>	<b>\$ 995,763</b>	<b>\$ 392,577</b>

**DELTA COUNTY JOINT SCHOOL DISTRICT 50J**  
**BUDGETARY COMPARISON SCHEDULE**  
**STUDENT ACTIVITY FUND**  
Year Ended June 30, 2023

	BUDGET		ACTUAL	VARIANCE
	ORIGINAL	FINAL		Positive (Negative)
REVENUES				
Local Sources				
Student Activity Fees	\$ 1,500,000	\$ 1,650,000	\$ 1,800,092	\$ 150,092
EXPENDITURES				
Current				
Instruction	1,500,000	2,010,000	2,075,426	(65,426)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	(360,000)	(275,334)	84,666
OTHER FINANCING SOURCES				
Transfers In	103,841	103,841	103,841	-
CHANGE IN FUND BALANCE	103,841	(256,159)	(171,493)	84,666
FUND BALANCE, Beginning	783,733	783,733	762,106	(21,627)
FUND BALANCE, Ending	\$ 887,574	\$ 527,574	\$ 590,613	\$ 63,039

**DELTA COUNTY JOINT SCHOOL DISTRICT 50J**  
**BUDGETARY COMPARISON SCHEDULE**  
**CAPITAL RESERVE FUND**  
Year Ended June 30, 2023

	BUDGET		ACTUAL	VARIANCE
	ORIGINAL	FINAL		Positive (Negative)
REVENUES				
Local Sources	\$ 51,437	\$ 51,437	\$ 120,436	\$ 68,999
EXPENDITURES				
Current				
Supporting Services	98,280	98,280	52,616	45,664
Capital Outlay	3,837,356	3,838,394	1,524,195	2,314,199
Debt Service				
Principal	182,494	182,495	179,826	2,669
Interest	53,220	53,219	53,166	53
TOTAL EXPENDITURES	4,171,350	4,172,388	1,809,803	2,362,585
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(4,119,913)	(4,120,951)	(1,689,367)	2,431,584
OTHER FINANCING SOURCES				
Transfers In	1,125,205	2,195,205	2,195,205	-
CHANGE IN FUND BALANCE	(2,994,708)	(1,925,746)	505,838	2,431,584
FUND BALANCE, Beginning	2,994,708	1,925,746	1,925,746	-
FUND BALANCE, Ending	\$ -	\$ -	\$ 2,431,584	\$ 2,431,584

**DELTA COUNTY JOINT SCHOOL DISTRICT 50J**  
**BUDGETARY COMPARISON SCHEDULE**  
**DEBT SERVICE FUND**  
Year Ended June 30, 2023

	BUDGET		ACTUAL	VARIANCE
	ORIGINAL	FINAL		Positive (Negative)
REVENUES				
Local Sources				
Property Taxes	\$ 1,866,301	\$ 1,910,300	\$ 1,867,115	\$ (43,185)
Investment Income	3,700	65,000	69,459	4,459
TOTAL REVENUES	<u>1,870,001</u>	<u>1,975,300</u>	<u>1,936,574</u>	<u>(38,726)</u>
EXPENDITURES				
Debt Service				
Principal	1,800,000	1,800,000	1,800,000	-
Interest and Fiscal Charges	<u>66,300</u>	<u>315,000</u>	<u>308,675</u>	<u>6,325</u>
TOTAL EXPENDITURES	<u>1,866,300</u>	<u>2,115,000</u>	<u>2,108,675</u>	<u>6,325</u>
CHANGE IN FUND BALANCE	3,701	(139,700)	(172,101)	(32,401)
FUND BALANCE, Beginning	<u>3,124,058</u>	<u>3,187,932</u>	<u>3,187,932</u>	<u>-</u>
FUND BALANCE, Ending	<u>\$ 3,127,759</u>	<u>\$ 3,048,232</u>	<u>\$ 3,015,831</u>	<u>\$ (32,401)</u>

**DELTA COUNTY JOINT SCHOOL DISTRICT 50J**  
**BUDGETARY COMPARISON SCHEDULE**  
**BUILDING FUND**  
Year Ended June 30, 2023

	BUDGET		ACTUAL	VARIANCE
	ORIGINAL	FINAL		Positive (Negative)
REVENUES				
Local Sources				
Investment Income	\$ -	\$ 325,000	\$ 411,820	\$ 86,820
EXPENDITURES				
Current				
Supporting Services	-	252,414	247,413	5,001
Capital Outlay	-	450,000	236,107	213,893
TOTAL EXPENDITURES	-	702,414	483,520	218,894
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	(377,414)	(71,700)	305,714
OTHER FINANCING SOURCES				
Bond Issuance Proceeds	-	27,700,000	27,700,000	-
Bond Issuance Premium	-	3,206,322	3,206,322	-
TOTAL OTHER FINANCING SOURCES	-	30,906,322	30,906,322	-
CHANGE IN FUND BALANCE	-	30,528,908	30,834,622	305,714
FUND BALANCE, Beginning	-	-	-	-
FUND BALANCE, Ending	\$ -	\$ 30,528,908	\$ 30,834,622	\$ 305,714

**DELTA COUNTY JOINT SCHOOL DISTRICT 50J**  
**BUDGETARY COMPARISON SCHEDULE**  
**INSURANCE FUND**  
Year Ended June 30, 2023

	BUDGET		ACTUAL	VARIANCE
	ORIGINAL	FINAL		Positive (Negative)
REVENUES				
Fees	\$ 6,862,021	\$ 6,575,000	\$ 6,572,608	\$ (2,392)
Rebates	250,000	333,000	333,311	(311)
Interest Income	240	200	144	56
<b>TOTAL REVENUES</b>	<b>7,112,261</b>	<b>6,908,200</b>	<b>6,906,063</b>	<b>(2,647)</b>
EXPENDITURES				
Current				
Insurance Claims	6,875,000	6,910,000	7,563,824	(653,824)
Administration Fees and Premiums	912,801	912,550	768,848	143,702
<b>TOTAL EXPENDITURES</b>	<b>7,787,801</b>	<b>7,822,550</b>	<b>8,332,672</b>	<b>(510,122)</b>
CHANGE IN NET POSITION, Budgetary Basis	(675,540)	(914,350)	(1,426,609)	(512,514)
NET POSITION, Beginning, Budgetary Basis	676,948	964,351	964,351	-
NET POSITION, Ending, Budgetary Basis	<u>\$ 1,408</u>	<u>\$ 50,001</u>	<u>\$ (462,258)</u>	<u>\$ (512,259)</u>
RECONCILIATION TO GAAP BASIS:				
Change in Insurance Claims Payable			(131,664)	
CHANGE IN NET POSITION, GAAP Basis			(1,558,273)	
NET POSITION, Beginning, GAAP Basis	676,948	964,351	964,351	-
NET POSITION, Ending, GAAP Basis	<u>\$ 676,948</u>	<u>\$ 964,351</u>	<u>\$ (593,922)</u>	<u>\$ (1,558,273)</u>

**DELTA COUNTY JOINT SCHOOL DISTRICT 50J**  
**BUDGETARY COMPARISON SCHEDULE**  
**SCHOLARSHIP TRUST FUND**  
Year Ended June 30, 2023

	BUDGET		ACTUAL	VARIANCE
	ORIGINAL	FINAL		Positive (Negative)
ADDITIONS				
Local Sources	\$ 1,000	\$ 1,000	\$ -	\$ (1,000)
DEDUCTIONS				
Scholarships and Awards	1,000	1,000	-	1,000
CHANGE IN FUND BALANCE	-	-	-	-
FUND BALANCE, Beginning	-	4,669	4,669	-
FUND BALANCE, Ending	\$ -	\$ 4,669	\$ 4,669	\$ -

## **COMPLIANCE SECTION**

## **SINGLE AUDIT**

**Independent Auditor’s Report on Internal Control over  
Financial Reporting and on Compliance and Other Matters  
Based on an Audit of Financial Statements Performed  
in Accordance with *Government Auditing Standards***

Board of Education  
Delta County Joint School District 50J  
Delta, Colorado

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, discretely presented component unit, each major fund, and the aggregate remaining fund information of Delta County Joint School District 50J as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the basic financial statements of Delta County Joint School District 50J and have issued our report thereon dated January 25, 2024.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Delta County Joint School District 50J’s internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Delta County Joint School District 50J’s internal control. Accordingly, we do not express an opinion on the effectiveness of Delta County Joint School District 50J’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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of Delta County Joint School District 50J’s financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of Delta County Joint School District 50J’s internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2023-001 that we consider to be material weaknesses.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Delta County Joint School District 50J’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Board of Education  
Delta County Joint School District 50J

### **Delta County Joint School District's Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the Delta County Joint School District 50J's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. Delta County Joint School District 50J's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Delta County Joint School District 50J's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Delta County Joint School District 50J's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

*DMC Auditing and Consulting, LLC*

January 25, 2024  
Bailey, Colorado

**Independent Auditor’s Report on Compliance for Each  
Major Federal Program, Internal Control over Compliance,  
and the Schedule of Expenditures of Federal Awards  
Required by the Uniform Guidance**

Board of Education  
Delta County Joint School District 50J  
Delta, Colorado

**Report on Compliance for Each Major Federal Program**

**Opinion on Each Major Federal Program**

We have audited Delta County Joint School District 50J’s compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of Delta County Joint School District 50J’s major federal programs for the year ended June 30, 2023. Delta County Joint School District 50J’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, Delta County Joint School District 50J complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 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 (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Delta County Joint School District 50J 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 Delta County Joint School District 50J’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 Delta County Joint School District 50J’s federal programs.

### **Auditor's Responsibilities for the Audit of Compliance**

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and to express an opinion on Delta County Joint School District 50J's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than 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 Delta County Joint School District 50J's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Delta County Joint School District 50J'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 Delta County Joint School District 50J'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 Delta County Joint School District 50J'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 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.

Board of Education  
Delta County Joint School District 50J

Our consideration of Delta County Joint School District 50J's 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.

### **Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statements of the governmental activities, discretely presented component unit, each major fund, and the aggregate remaining fund information of Delta County Joint School District 50J as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the basic financial statements of Delta County Joint School District 50J. We issued our report thereon dated January 25, 2024, which contained unmodified opinions on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise Delta County Joint School District 50J's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is 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 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 schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*DMC Auditing and Consulting, LLC*

January 25, 2024  
Bailey, Colorado

**DELTA COUNTY JOINT SCHOOL DISTRICT 50J**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
Year Ended June 30, 2023

Federal Grantor/Pass-Through Grantor/Program Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Expenditures
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
Passed Through State Department of Education			
<i>Child Nutrition Cluster</i>			
School Breakfast Program (SBP)	10.553	5553	\$ 281,002
National School Lunch Program (NSLP)	10.555	5555	991,995
National School Lunch Program (Supply Chain Assistance)	10.555	6555	<u>85,341</u>
Passed through State Department of Human Services			
National School Lunch Program (Donated Commodities)	10.555	4555	116,439
<i>Child Nutrition Cluster Subtotal</i>			<u>1,474,777</u>
Pandemic Electronic Benefit Transfer Administrative Costs Grant	10.649	4649	3,135
<i>Forest Service Schools and Roads Cluster</i>			
Schools and Roads - Grants to States	10.665	7665	4,497
<i>Forest Service Schools and Roads Cluster Subtotal</i>			<u>4,497</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE			<u>1,482,409</u>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
Direct			
Reserve Officer Training Corp (ROTC)	12.xxx	N/A	<u>68,213</u>
<b>U.S. DEPARTMENT OF EDUCATION</b>			
Passed Through State Department of Education			
Title I	84.010	4010,5010,6010	1,041,378
<i>Special Education Cluster (IDEA)</i>			
Special Education - IDEA Part B	84.027A	4027	916,168
Special Education - IDEA Preschool	84.173A	4173	47,210
<i>Special Education Cluster (IDEA) Subtotal</i>			<u>963,378</u>
English Language Acquisition	84.365	4365	22,281
Supporting Effective Instruction	84.367	4367	155,620
Student Support and Academic Enrichment Program	84.424A	4424	102,081
Rural Education	84.358	4358	19,273
Education Stabilization Fund (COVID-19 Education Stabilization Fund)			
Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D	4420	974,876
American Rescue Plan - Elementary and Secondary School			
Emergency Relief (ARP ESSER)	84.425U	4414	3,595,476
Governor's Emergency Education Relief Fund	84.425C	4414	46,871
Education Stabilization Fund Total			<u>4,617,223</u>
Passed Through State Community Colleges System			
Career and Technical Education	84.048	4048	49,595
TOTAL U.S. DEPARTMENT OF EDUCATION			<u>6,970,829</u>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
Direct			
<i>Head Start Cluster</i>			
Head Start	93.600	N/A	1,111,223
<i>Head Start Cluster Subtotal</i>			<u>1,111,223</u>
Passed Through State Department of Education			
Public Health Emergency: Cooperative Agreement for Emergency Response: Public Health Crisis Response	93.354	7354	95,749
TOTAL U.S. DEPARTMENT OF HUMAN SERVICES			<u>1,206,972</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ <u>9,728,423</u>

**DELTA COUNTY JOINT SCHOOL DISTRICT 50J**  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended June 30, 2023

**NOTE 1: Basis of Presentation**

The accompanying schedule of expenditures of federal awards is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, using the modified accrual basis of accounting. Therefore, some amounts presented in this schedule may differ from amounts presented in the financial statements. The District does not charge a de minimis indirect cost rate. Because the schedule presents only a selected portion of the operations of the Delta County Joint School District 50J, it is not intended to and does not present the financial position, changes in net position or fund balance, or cash flows of Delta County Joint School District 50J.

The accompanying schedule of expenditures of federal awards is presented using the modified accrual basis of accounting. Non-cash expenditures are included in the schedule.

**DELTA COUNTY JOINT SCHOOL DISTRICT 50J**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
 Year Ended June 30, 2023

**SECTION I: SUMMARY OF AUDITOR’S RESULTS**

**Financial Statements**

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with accounting principles generally accepted in the United States of America (GAAP): Unmodified

Internal control over financial reporting:

- Material weaknesses identified?  Yes  No
- Significant deficiencies identified?  Yes  None Reported

Noncompliance material to the financial statements noted?

- Yes  No

**Federal Awards**

Internal control over major federal programs:

- Material weaknesses identified?  Yes  No
- Significant deficiencies identified?  Yes  None Reported

Type of auditor’s report issued on compliance for major federal programs: Unmodified

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

- Yes  No

Identification of major federal programs:

<u>CFDA Number</u>	<u>Name of Federal Cluster/Program</u>
84.425D	Education Stabilization Fund
84.425U	Education Stabilization Fund
84.027	Special Education – IDEA Part B
84.173	Special Education – IDEA Preschool

Dollar threshold used to distinguish Between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee?

- Yes  No

**DELTA COUNTY JOINT SCHOOL DISTRICT 50J**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
Year Ended June 30, 2023

**SECTION II: FINANCIAL STATEMENT FINDINGS**

**2023-001: Material Audit Adjusting Journal Entries with a Restatement of Prior Year Financial Statements**

**Criteria:** AU-C Section 265, A.11 in part states that indicators of material weaknesses in internal control include a restatement of previously issued financial statements to reflect the correction of a material misstatement due to fraud or error.

**Condition:** We have identified a material error in the prior year financial statements related to the calculation and presentation of the pension- and OPEB-related deferred outflows of resources and deferred inflows of resources.

**Cause:** The internal controls related to the pension and OPEB balances were not sufficiently reviewed by the District in the prior year.

**Effect:** The beginning net position for the governmental activities was increased by \$1,214,426 in order to comply with Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*.

**Repeat Finding:** No.

**Recommendation:** We recommend that the District annually review the PERA pension and OPEB calculation for accuracy and consistency prior to the issuance of the annual audited financial statements.

**Corrective Action Plan:** Reported on page 73.

**SECTION III: FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS**

No current year findings or questioned costs were reported.



# Delta County School District 50J

145 West 4<sup>th</sup> Street, Delta, CO 81416

970-874-4438

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January 25, 2024

## **Corrective Action Plan:**

Finding: 2023-001

Type of Finding: Material Weakness in Internal Control over Financial Reporting

Delta County Joint School District No. 50J had the following regarding internal controls:

- A material error in the prior year financial statements related to the calculation and presentation of the pension- and OPEB-related deferred outflows of resources and deferred inflows of resources.

Delta County Joint School District No. 50J concurs with finding 2023-001 and will implement the following corrective steps:

- The finance team will review the PERA pension and OPEB calculation for accuracy and consistency prior to the issuance of the annual audited financial statements.

Any questions regarding this Corrective Action Plan can be addressed by:

Michael Madden, Director of Finance, Delta County Joint School District No. 50J, by phone 970-874-4438 or email [michael.madden@deltaschools.com](mailto:michael.madden@deltaschools.com).

*"Caring, Challenging, Learning—Every Student, Every Day"*

Delta County School District does not unlawfully discriminate on the basis of race, color, sex, religion, national origin, ancestry, creed, age, marital status, sexual orientation, gender identity, gender expression, genetic information, disability or need for special education services in admissions, access to, treatment, or employment in educational programs or activities which it operates.

**DELTA COUNTY JOINT SCHOOL DISTRICT 50J**  
**SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS**  
Year Ended June 30, 2023

**2022-001: Significant Deficiency in Internal Control over Financial Reporting**

**Condition:** Multiple adjusting journal entries were required to properly state the District's financial statements in accordance with generally accepted accounting principles and to reconcile with the Colorado Department of Education.

**Status:** Corrective action was taken, and the prior audit finding has been resolved as of June 30, 2023.

## **STATE COMPLIANCE**



**Colorado Department of Education**  
**Auditors Integrity Report**  
 District: 0870 - Delta County 50(0)  
 Fiscal Year 2022-23  
 Colorado School District/BOCES

**Revenues, Expenditures, & Fund Balance by Fund**

Fund Type & Number	Beg Fund Balance & Prior Per Adj (6880*)	+	1000 - 5999 Total Revenues & Other Sources	0001-0999 Total Expenditures & Other Uses	=	6700-6799 & Prior Per Adj (6880*) Ending Fund Balance
<b>Governmental</b>						
10 General Fund	11,397,606		44,907,367	42,106,606		14,198,367
18 Risk Mgmt Sub-Fund of General Fund	0		0	0		0
19 Colorado Preschool Program Fund	472,578		1,286,561	1,290,807		468,332
<b>Sub-Total</b>	<b>11,870,184</b>		<b>46,193,928</b>	<b>43,397,413</b>		<b>14,666,699</b>
11 Charter School Fund	1,251,620		3,870,674	3,660,264		1,462,030
20.26-29 Special Revenue Fund	1,932,063		5,102,819	4,747,118		2,287,765
06 Supplemental Cap Const, Tech, Main, Fund	0		0	0		0
07 Total Program Reserve Fund	0		0	0		0
21 Food Service Spec Revenue Fund	1,074,605		1,889,517	1,968,360		995,762
22 Govt Designated-Purpose Grants Fund	0		11,525,568	11,525,568		0
23 Pupil Activity Special Revenue Fund	762,106		1,903,983	2,075,476		590,613
25 Transportation Fund	0		0	0		0
31 Bond Redemption Fund	3,187,932		1,936,573	2,108,675		3,015,830
39 Certificate of Participation (COP) Debt Service Fund	0		0	0		0
41 Building Fund	0		31,318,142	483,520		30,834,622
42 Special Building Fund	0		0	0		0
43 Capital Reserve Capital Projects Fund	1,925,746		2,315,641	1,809,803		2,431,584
46 Supplemental Cap Const, Tech, Main Fund	0		0	0		0
<b>Totals</b>	<b>22,004,256</b>		<b>106,056,845</b>	<b>71,776,196</b>		<b>56,284,904</b>
<b>Proprietary</b>						
50 Other Enterprise Funds	0		0	0		0
64 (63) Risk-Related Activity Fund	964,351		333,455	1,891,728		-593,922
60.65-69 Other Internal Service Funds	0		0	0		0
<b>Totals</b>	<b>964,351</b>		<b>333,455</b>	<b>1,891,728</b>		<b>-593,922</b>
<b>Fiduciary</b>						
70 Other Trust and Agency Funds	0		0	0		0
72 Private Purpose Trust Fund	4,670		0	0		4,670
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
<b>Totals</b>	<b>4,670</b>		<b>0</b>	<b>0</b>		<b>4,670</b>

FINAL

\*If you have a prior period adjustment in any fund (Balance Sheet 6880), the amount of your prior period adjustment is added into both your ending and beginning fund balances on this report.