

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

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

JUNE 30, 2024

DELTA COUNTY JOINT SCHOOL DISTRICT 50J

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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 (the District) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the basic financial statements of the District, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, discretely presented component unit, each major fund, and the aggregate remaining fund information of the District as of June 30, 2024, 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 the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

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 District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District’s basic financial statements. The accompanying combining and individual fund statements and budget comparison schedules, 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 17, 2025, on our consideration of the District’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District’s internal control over financial reporting and compliance.

DMC Auditing and Consulting, LLC

January 17, 2025
Bailey, Colorado

DELTA COUNTY JOINT SCHOOL DISTRICT NO. 50-J
MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED)
For the Fiscal Year Ended June 30, 2024

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 4,740 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 2023-2024. 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, 2024, are as follows:

- At the end of the current fiscal year, the fund balance for the General Fund (including the preschool program) was \$16.6 million. The General Fund has recorded a liability of \$2.7 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 \$49.2 million. Within the Grants Fund the District received, and spent, approximately \$5.1 million in Federal Coronavirus relief funds through ESSER grants.
- The Government-Wide net position of the District increased from a positive \$15.2 million to a positive \$17.5 million, a \$2.3 million increase.
- The District’s long-term obligations increased by \$13.9 million. The bond and financing liabilities decreased by \$1,718 thousand due to annual payments during the fiscal year. The District’s net pension and OPEB liabilities increased by \$14.7 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 \$51.2 million or 66% 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 \$26.3 million or 34% of the District’s total revenues of \$77.5 million.
- The District had \$75.2 million in expenses, of which \$26.3 million were offset by program specific revenues from charges for services and sales, grants and contributions.

DELTA COUNTY JOINT SCHOOL DISTRICT NO. 50-J
MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED)
For the Fiscal Year Ended June 30, 2024

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 2023-24 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.

DELTA COUNTY JOINT SCHOOL DISTRICT NO. 50-J
MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED)
For the Fiscal Year Ended June 30, 2024

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, 2025 to pay claims as they are received.

**DELTA COUNTY JOINT SCHOOL DISTRICT NO. 50-J
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For the Fiscal Year Ended June 30, 2024**

Summary of the District's net position for the fiscal year 2023 compared to 2024 (in thousands).

Statement of Net Position
Governmental Activities

<u>Assets</u>	<u>2023</u>	<u>2024</u>
Current Assets	\$ 59,767	\$ 55,231
Capital Assets, Net	60,988	73,091
Total Assets	120,755	128,321
<u>Deferred Outflows</u>		
Pension Deferred Outflows	17,478	21,991
OPEB Deferred Outflows	669	520
Total Deferred Outflows	18,147	22,511
 Total Assets and Deferred Outflows	 \$ 138,902	 \$ 150,832
 <u>Liabilities</u>		
	<u>2023</u>	<u>2024</u>
Current	\$ 7,721	\$ 6,856
Noncurrent	107,815	121,671
Total Liabilities	115,536	128,527
<u>Deferred Inflows</u>		
Pension Deferred Inflows	7,229	3,882
OPEB Deferred Inflows	919	889
Total Deferred Inflows	8,148	4,770
<u>Net Position</u>		
Net Investment in Capital Assets	58,063	64,806
Restricted for Emergencies	1,630	1,803
Restricted for Debt Service	3,016	1,999
Other Restrictions	495	543
Unrestricted	(47,985)	(51,616)
Total Net Position	\$ 15,218	\$ 17,535
 Total Liabilities, Deferred Inflows, and Net Position	 \$ 138,902	 \$ 150,832

**DELTA COUNTY JOINT SCHOOL DISTRICT NO. 50-J
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For the Fiscal Year Ended June 30, 2024**

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 2023 and 2024 (in thousands).

**Statement of Activities
Governmental Activities**

<u>Revenues:</u>	<u>2023</u>	<u>2024</u>
Program Revenues:		
Charges for Services and Sales	\$ 4,827	\$ 5,142
Operating Grants and Contributions	20,201	21,102
Capital Grants and Contributions	123	95
Total Program Revenue	25,150	26,338
General Revenues:		
Property Tax	11,540	15,059
State Equalization	30,548	30,771
Specific Ownership	1,864	2,002
Not Restricted	202	74
Gain on Sale of Assets	-	50
Investment Earnings	871	2,863
Other	196	356
Total General Revenue	45,221	51,175
Total Revenue	70,371	77,513
	<u>2023</u>	<u>2024</u>
Program Expenses:		
Instruction	\$ 34,377	\$ 42,522
Support Services	26,877	28,749
Food Service	1,900	2,620
Interest and Fiscal Charges	441	1,304
Total Expenses	63,595	75,196
Change in net position	6,776	2,317
Net position, beginning	7,177	15,218
Prior period adjustment	1,265	-
Net position, ending	\$ 15,218	\$ 17,535

DELTA COUNTY JOINT SCHOOL DISTRICT NO. 50-J
MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED)
For the Fiscal Year Ended June 30, 2024

While assessed valuation has increased which increases local property tax revenue, the district is dependent on state revenue for General Fund activities. In 2024, approximately 60% of General Fund Revenue was from State Equalization. In 2014 the amount of state support was 59%. This 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 \$76,733,728. Total governmental funds had expenditures and other financing uses of \$82,382,600.

The General Fund had an overall increase in fund balance of \$1,966,587. This increase is due to actual revenue being higher than budget by almost \$140,000. Actual expenditures came in below budget by almost \$3,000,000 due to unfilled positions, turnover in positions, delayed timing on purchases, and unspent carryover budget items.

The Technical College of the Rockies (TCR) general fund balance increased in 2024 by \$436,505. 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). Starting in 2022, State funding started to increase and has continued increasing since then. In 2024, State revenue increased approximately \$250,000. 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 through fiscal year 2024.

The Building Fund is used for large building projects, primarily with funding from taxpayer approved Bond measures and State of Colorado BEST grants. 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 were paid for out of this Fund in 2024. Interest on invested Bond proceeds generated income of \$1,746,399 during the year and \$8,757,970 of Bond project expenditures were recorded.

The balance of the aggregated ‘Non-major Governmental Funds’ had a decrease in fund balance of \$1,040,393. TCR Student Activity, Food Service, Student Activity, Capital Reserve, and Debt Service Funds make up these balances. The decrease in fund balance was primarily due to the payoff of Bond debt in the Debt Service fund.

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 \$51,448,527. Actual General Fund revenues and other financing sources came in above budget by \$139,354. State revenue was \$33,773,241 which was under budget by \$337,336. Interest income was \$848,022 which was

**DELTA COUNTY JOINT SCHOOL DISTRICT NO. 50-J
MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED)
For the Fiscal Year Ended June 30, 2024**

\$397,022 over budget due to elevated interest rates on deposit accounts during the year. Local property tax, \$12,923,106, and Specific Ownership tax, \$2,002,206, were collectively over budget by \$59,312.

Actual expenditures were budgeted to be \$48,819,915 and came in under budget by \$2,999,016. In 2024 the district budgeted a decrease in fund balance of \$2,025,905. Other financing sources and uses were budgeted to be \$4,654,517 and came in under budget by \$470,676. Due to revenue being over budget and expenditure amounts being under budget, fund balance was increased by \$1,966,587.

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, 2024, the District had \$73,090,602 million in capital assets (net of accumulated depreciation), including buildings, fixtures, and vehicles. The following reflects the balances of fiscal year 2023 compared to fiscal year 2024.

**Capital Assets at Fiscal Year End,
Net of Depreciation**

	<u>2023</u>	<u>2024</u>
Land	\$ 730,539	\$ 730,539
Buildings and Improvements	55,972,847	56,492,796
Work in Progress	969,113	12,184,154
Food Service	39,818	32,098
Furniture, Equipment and Vehicles	3,275,748	3,651,015
Totals	\$ 60,988,065	\$ 3,090,602

Debt

As of June 30, 2024 the District had no outstanding General Obligation refunding bonds for the capital construction projects for the District’s five communities as the 2011 and 2014 refunding bonds were fully paid during 2024. 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 \$3,013,942 which is not required to be repaid as of June 30, 2024. The bonds are paid from a mill levy in the Debt Service Fund.

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 \$1,010,302.

DELTA COUNTY JOINT SCHOOL DISTRICT NO. 50-J
MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED)
For the Fiscal Year Ended June 30, 2024

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, 2024 was \$127,810.

The District entered into a lease purchase to upgrade teacher computers in 2024. The balance was \$255,632 as of June 30, 2024.

The District also has long-term liabilities for early retirement and compensated absences in the amount of \$786,951.

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 64% 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, 2024 the State withheld \$727,948 (1.5% of Total Program) from the District’s State Share for the Budget Stabilization Factor. Since fiscal year 2011 the District has not received \$55,250,510 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 a decrease in Total Program funded enrollment from 2023 to 2024 of 238.3 FTE, a key metric in determining Total Program funding. K-12 enrollment in 2023 was 113.5 FTE less than 2023, and 2023 was 15.0 FTE less than 2022. Fund enrollment for 2024 did not include preschool students due to the implementation of the Colorado Universal Preschool Program (“UPK”). Preschool students in 2023 was 139.5. Starting in 2024, UPK enrollment counts will be tracked separately. 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 2024.

The District preschools provided education for approximately 275 students in 2024, 60 were funded through the Headstart program and 215 were funded through UPK and tuition payments.

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

DELTA COUNTY JOINT SCHOOL DISTRICT NO. 50-J
MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED)
For the Fiscal Year Ended June 30, 2024

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 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 2025 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 was awarded a BEST grant to supplement the Bond funding in updating multiple schools with HVAC units covering classrooms and a security entrance at one school with construction planned for 2025 and 2026.

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

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 4th 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

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, 2024

	PRIMARY GOVERNMENT	COMPONENT UNIT
	GOVERNMENTAL ACTIVITIES	VISION HOME & COMMUNITY, INC.
ASSETS		
Cash and Investments	\$ 49,897,758	\$ 1,638,255
Accounts Receivable	169,447	288,472
Grants Receivable	3,804,564	-
Taxes Receivable	871,477	-
Inventories	361,518	-
Prepaid Expenses	125,827	-
Capital Assets, <i>Not Being Depreciated</i>	12,914,693	-
Capital Assets, <i>Net of Accumulated Depreciation / Amortization</i>	60,175,909	2,314,066
TOTAL ASSETS	128,321,193	4,240,793
DEFERRED OUTFLOWS OF RESOURCES		
Pensions, <i>Net of Accumulated Amortization</i>	21,990,610	1,107,204
OPEB, <i>Net of Accumulated Amortization</i>	520,426	21,381
TOTAL DEFERRED OUTFLOWS OF RESOURCES	22,511,036	1,128,585
LIABILITIES		
Accounts Payable	678,307	41,705
Retainage Payable	498,216	-
Accrued Salaries and Benefits	3,401,646	154,088
Accrued Interest Payable	118,971	1,436
Unearned Revenue	430,649	25,706
Long-Term Liabilities		
Due Within One Year	1,728,394	49,979
Due in More Than One Year	31,166,243	1,774,449
Net Pension Liability	88,370,530	4,530,030
Net OPEB Liability	2,133,793	109,382
TOTAL LIABILITIES	128,526,749	6,686,775
DEFERRED INFLOWS OF RESOURCES		
Pensions, <i>Net of Accumulated Amortization</i>	3,881,803	429,786
OPEB, <i>Net of Accumulated Amortization</i>	888,612	50,631
TOTAL DEFERRED INFLOWS OF RESOURCES	4,770,415	480,417
NET POSITION		
Net Investment in Capital Assets	64,805,967	534,437
Restricted for:		
Emergencies	1,802,899	115,000
Debt Service	1,999,473	-
Preschool	543,132	-
Unrestricted	(51,616,406)	(2,447,251)
TOTAL NET POSITION	\$ 17,535,065	\$ (1,797,814)

DELTA COUNTY JOINT SCHOOL DISTRICT 50J
STATEMENT OF ACTIVITIES
Year Ended June 30, 2024

FUNCTIONS / PROGRAMS	PROGRAM REVENUES			GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	NET (EXPENSE) REVENUE AND CHANGE IN NET POSITION	
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS			PRIMARY GOVERNMENT ACTIVITIES	COMPONENT UNIT
PRIMARY GOVERNMENT							
Governmental Activities							
Instruction	\$ 42,522,469	\$ 4,104,983	\$ 16,677,418	\$ -	\$ (21,740,068)	\$ -	
Supporting Services	28,749,391	98,233	2,182,614	94,619	(26,373,925)	-	
Food Services	2,619,929	938,337	2,241,652	-	560,060	-	
Interest on Long-Term Debt	1,304,026	-	-	-	(1,304,026)	-	
TOTAL GOVERNMENTAL ACTIVITIES	\$ 75,195,815	\$ 5,141,553	\$ 21,101,684	\$ 94,619	(48,857,959)	-	
COMPONENT UNIT							
	\$ 3,853,676	\$ 3,011	\$ 577,534	\$ 110,891	-	(3,162,240)	
GENERAL REVENUES							
Local Property Taxes					15,059,077	-	
Specific Ownership Taxes					2,002,206	-	
State Equalization					30,771,170	-	
Per Pupil Revenue					-	3,612,796	
Grants and Contributions not Restricted to Specific Programs					73,790	-	
Interest Income					2,862,506	14,182	
Gain on Sale of Assets					50,000	-	
Other					356,225	11,533	
TOTAL GENERAL REVENUES					51,174,974	3,638,511	
CHANGE IN NET POSITION					2,317,015	476,271	
NET POSITION, Beginning					15,218,050	(2,274,085)	
NET POSITION, Ending					\$ 17,535,065	\$ (1,797,814)	

DELTA COUNTY JOINT SCHOOL DISTRICT 50J

BALANCE SHEET

GOVERNMENTAL FUNDS

June 30, 2024

	<u>GENERAL</u>	<u>GRANTS</u>	<u>TECHNICAL COLLEGE OF THE ROCKIES</u>
ASSETS			
Cash and Investments	\$ 16,360,395	\$ -	\$ 2,590,523
Accounts Receivable	117,895	-	51,310
Taxes Receivable	733,759	-	-
Grants Receivable	-	3,705,665	77,674
Interfund Receivable	2,782,219	-	-
Inventories	151,864	-	92,411
Prepaid Expenditures	<u>57,160</u>	<u>-</u>	<u>65,520</u>
TOTAL ASSETS	<u>\$ 20,203,292</u>	<u>\$ 3,705,665</u>	<u>\$ 2,877,438</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES			
Accounts Payable	\$ 422,980	\$ 208,719	\$ 3
Retainage Payable	-	-	-
Accrued Salaries and Benefits	2,725,989	421,115	125,432
Interfund Payable	-	2,782,219	-
Unearned Revenue	<u>33,763</u>	<u>293,612</u>	<u>103,274</u>
TOTAL LIABILITIES	<u>3,182,732</u>	<u>3,705,665</u>	<u>228,709</u>
DEFERRED INFLOWS OF RESOURCES			
Property Taxes	<u>387,274</u>	<u>-</u>	<u>-</u>
FUND BALANCES			
Nonspendable:			
Inventories	151,864	-	92,411
Prepaid Expenditures	57,160	-	65,520
Restricted for:			
Preschool	543,132	-	-
Capital Projects	-	-	-
Debt Service	-	-	-
Emergencies	1,709,000	-	93,899
Assigned to:			
Subsequent Budget	558,678	-	-
Early Retirement	65,692	-	-
Technical College Operations	-	-	2,396,899
Food Services	-	-	-
Student Activities	-	-	-
Capital Projects	-	-	-
The Nature Connection	304,649	-	-
DAAL	28,740	-	-
Unassigned	<u>13,214,371</u>	<u>-</u>	<u>-</u>
TOTAL FUND BALANCES	<u>16,633,286</u>	<u>-</u>	<u>2,648,729</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 20,203,292</u>	<u>\$ 3,705,665</u>	<u>\$ 2,877,438</u>

NONMAJOR
GOVERNMENTAL

BUILDING	FUNDS	TOTAL
\$ 24,208,197	\$ 6,152,489	\$ 49,311,604
-	242	169,447
-	137,718	871,477
-	21,225	3,804,564
-	-	2,782,219
-	117,243	361,518
-	3,147	125,827
<u>\$ 24,208,197</u>	<u>\$ 6,432,064</u>	<u>\$ 57,426,656</u>
\$ 31,359	\$ 12,303	\$ 675,364
353,787	144,429	498,216
-	129,110	3,401,646
-	-	2,782,219
-	-	430,649
<u>385,146</u>	<u>285,842</u>	<u>7,788,094</u>
-	77,284	464,558
-	117,243	361,518
-	3,147	125,827
-	-	543,132
23,823,051	-	23,823,051
-	2,118,444	2,118,444
-	-	1,802,899
-	-	558,678
-	-	65,692
-	-	2,396,899
-	763,175	763,175
-	731,752	731,752
-	2,335,177	2,335,177
-	-	304,649
-	-	28,740
-	-	13,214,371
<u>23,823,051</u>	<u>6,068,938</u>	<u>49,174,004</u>
<u>\$ 24,208,197</u>	<u>\$ 6,432,064</u>	<u>\$ 57,426,656</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, 2024

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

Total Fund Balances of Governmental Funds	\$ 49,174,004
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds.	73,090,602
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.	464,558
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	(118,971)
Bonds Payable	(32,107,686)
Accrued Compensated Absences	(721,259)
Early Retirement Incentive	(65,692)
Net Pension Liability	(88,370,530)
Pension-Related Deferred Outflows of Resources	21,990,610
Pension-Related Deferred Inflows of Resources	(3,881,803)
Net OPEB Liability	(2,133,793)
OPEB-Related Deferred Outflows of Resources	520,426
OPEB-Related Deferred Inflows of Resources	(888,612)
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.	583,211
Total Net Position of Governmental Activities	\$ 17,535,065

DELTA COUNTY JOINT SCHOOL DISTRICT 50J
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2024

	GENERAL	GRANTS	TECHNICAL COLLEGE OF THE ROCKIES
REVENUES			
Local Sources	\$ 17,319,191	\$ 1,618,666	\$ 1,935,389
County Sources	44,550	-	-
State Sources	33,773,241	1,024,990	2,488,898
Federal Sources	450,899	9,756,264	558,631
	<u>51,587,881</u>	<u>12,399,920</u>	<u>4,982,918</u>
TOTAL REVENUES			
EXPENDITURES			
Current			
Instruction	27,603,287	6,050,341	2,356,586
Supporting Services	17,998,320	6,321,586	1,995,823
Food Services	-	-	-
Capital Outlay	91,478	27,993	244,004
Debt Service			
Principal	127,814	-	-
Interest and Fiscal Charges	-	-	-
	<u>45,820,899</u>	<u>12,399,920</u>	<u>4,596,413</u>
TOTAL EXPENDITURES			
EXCESS REVENUES OVER (UNDER) EXPENDITURES	<u>5,766,982</u>	<u>-</u>	<u>386,505</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from Sale of Capital Assets	-	-	50,000
Financed Purchase Proceeds	383,446	-	-
Transfers In	-	-	-
Transfers Out	(4,183,841)	-	-
	<u>(3,800,395)</u>	<u>-</u>	<u>50,000</u>
TOTAL OTHER FINANCING SOURCES (USES)			
CHANGE IN FUND BALANCES	1,966,587	-	436,505
FUND BALANCES, Beginning	<u>14,666,699</u>	<u>-</u>	<u>2,212,224</u>
FUND BALANCES, Ending	<u>\$ 16,633,286</u>	<u>\$ -</u>	<u>\$ 2,648,729</u>

NONMAJOR GOVERNMENTAL		
BUILDING	FUNDS	TOTAL
\$ 1,746,399	\$ 4,341,512	\$ 26,961,157
-	-	44,550
-	621,933	37,909,062
-	1,619,719	12,385,513
<u>1,746,399</u>	<u>6,583,164</u>	<u>77,300,282</u>
-	2,077,623	38,087,837
-	50,606	26,366,335
-	2,415,528	2,415,528
8,757,970	3,047,819	12,169,264
-	1,762,178	1,889,992
-	1,453,644	1,453,644
<u>8,757,970</u>	<u>10,807,398</u>	<u>82,382,600</u>
<u>(7,011,571)</u>	<u>(4,224,234)</u>	<u>(5,082,318)</u>
-	-	50,000
-	-	383,446
-	3,183,841	3,183,841
-	-	(4,183,841)
<u>-</u>	<u>3,183,841</u>	<u>(566,554)</u>
(7,011,571)	(1,040,393)	(5,648,872)
<u>30,834,622</u>	<u>7,109,331</u>	<u>54,822,876</u>
<u>\$ 23,823,051</u>	<u>\$ 6,068,938</u>	<u>\$ 49,174,004</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, 2024

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

Net Change in Fund Balances of Governmental Funds	\$ (5,648,872)
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	(3,976,274)
Capital Outlay	16,078,811
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.	
	162,479
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.	
	1,889,992
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:	
Financing Purchase Proceeds	(383,446)
Amortization of Bond Premiums	145,523
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	4,095
Accrued Compensated Absences	(289,416)
Early Retirement Incentive	102,762
Net Pension Liability	(15,052,070)
Pension-Related Deferred Outflows of Resources	4,512,516
Pension-Related Deferred Inflows of Resources	3,347,532
Net OPEB Liability	364,512
OPEB-Related Deferred Outflows of Resources	(148,486)
OPEB-Related Deferred Inflows of Resources	30,224
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>1,177,133</u>
Change in Net Position of Governmental Activities	<u>\$ 2,317,015</u>

DELTA COUNTY JOINT SCHOOL DISTRICT 50J
STATEMENT OF NET POSITION
PROPRIETARY FUND
June 30, 2024

	<u>GOVERNMENTAL</u> <u>ACTIVITIES</u> <u>INTERNAL</u> <u>SERVICE FUND</u>
ASSETS	
Cash and Investments	\$ <u>586,154</u>
LIABILITIES	
Current	
Accounts Payable	<u>2,943</u>
NET POSITION	
Unrestricted	\$ <u>583,211</u>

DELTA COUNTY JOINT SCHOOL DISTRICT 50J
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUND
Year Ended June 30, 2024

	<u>GOVERNMENTAL</u> <u>ACTIVITIES</u> <u>INTERNAL</u> <u>SERVICE FUND</u>
OPERATING REVENUES	
Rebates	\$ <u>285,755</u>
OPERATING EXPENDITURES	
Insurance Claims	582,113
Administration Fees and Premiums	<u>47,604</u>
TOTAL OPERATING EXPENDITURES	<u>629,717</u>
NET OPERATING INCOME (LOSS)	<u>(343,962)</u>
NONOPERATING REVENUES (EXPENSES)	
Interest Income	<u>69</u>
NET INCOME (LOSS) BEFORE TRANSFERS	<u>(343,893)</u>
Transfers In	<u>1,000,000</u>
CHANGE IN NET POSITION	656,107
NET POSITION, Beginning	<u>(72,896)</u>
NET POSITION, Ending	<u>\$ <u>583,211</u></u>

DELTA COUNTY JOINT SCHOOL DISTRICT 50J
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
Year Ended June 30, 2024

	<u>GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUND</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from Rebates	\$ 285,755
Cash Payments for Claims and Suppliers for Goods and Services	<u>(706,674)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>(420,919)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment Income	69
Cash Received from Other Funds	<u>1,000,000</u>
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>1,000,069</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENT	579,150
CASH AND CASH EQUIVALENTS, Beginning	<u>7,004</u>
CASH AND CASH EQUIVALENTS, Ending	<u><u>\$ 586,154</u></u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:	
Net Operating Income (Loss)	\$ <u>(343,962)</u>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
(Increase) Decrease in Accounts Payable	<u>76,957</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u><u>\$ (420,919)</u></u>

DELTA COUNTY JOINT SCHOOL DISTRICT 50J

STATEMENT OF FIDUCIARY NET POSITION

June 30, 2024

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

DELTA COUNTY JOINT SCHOOL DISTRICT 50J
STATEMENT OF CHANGE IN FIDUCIARY NET POSITION
Year Ended June 30, 2024

	<u>PRIVATE</u> <u>PURPOSE TRUST</u> <u>SCHOLARSHIP</u> <u>TRUST FUND</u>
ADDITIONS	
Investment Income	\$ <u>1</u>
DEDUCTIONS	
Fiscal Charges	60
Distribution to Technical College of the Rockies	<u>4,610</u>
Total Deductions	<u>4,670</u>
CHANGE IN NET POSITION	(4,669)
NET POSITION, Beginning	<u>4,669</u>
NET POSITION, Ending	<u><u>\$ -</u></u>

DELTA COUNTY JOINT SCHOOL DISTRICT 50J

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2024

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*.

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.

DELTA COUNTY JOINT SCHOOL DISTRICT 50J
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 1: Summary of Significant Accounting Policies (Continued)

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.

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.

DELTA COUNTY JOINT SCHOOL DISTRICT 50J

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2024

NOTE 1: Summary of Significant Accounting Policies (Continued)

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

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

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

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 – 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.

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.

DELTA COUNTY JOINT SCHOOL DISTRICT 50J

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2024

NOTE 1: Summary of Significant Accounting Policies (Continued)

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

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.

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.

DELTA COUNTY JOINT SCHOOL DISTRICT 50J

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2024

NOTE 1: Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

Property Taxes

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

NOTE 2: Cash and Investments

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

Cash on Hand	\$ 7,952
Deposits	1,722,600
Investments	<u>48,167,206</u>
Total	<u>\$ 49,897,758</u>

DELTA COUNTY JOINT SCHOOL DISTRICT 50J
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 2: Cash and Investments (Continued)

Deposits

The Colorado Public Deposit Protection Act (PDPA) requires local government entities to deposit cash in eligible public depositories. Eligibility is determined by State regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. The PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution or held in trust for all uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. At June 30, 2024, the District had bank deposits of \$757,514 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, 2024, the District had the following investments:

<u>Investment Type</u>	<u>NSRO Rating</u>	<u>Fair Value</u>	<u>Maturity</u>	<u>% of Investments</u>	<u>Fair Value Heirarchy</u>
			<u>Less Than One Year</u>		
Local Government Pools	AAAm	\$ 39,105,158	\$ 39,105,158	81%	NAV
Money Market Funds	Aaa-Mf	9,062,048	9,062,048	19%	2
Total Investments		<u>\$ 48,167,206</u>	<u>\$ 48,167,206</u>	<u>100%</u>	

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

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

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

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

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

DELTA COUNTY JOINT SCHOOL DISTRICT 50J

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2024

NOTE 2: Cash and Investments (Continued)

Investments (Continued)

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

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

The District's investments in the Allspring Government Money Market Fund and the Federated Hermes Government Obligation Funds were both rated Aaa-mf by Moody's Rating Agency, a nationally recognized statistical rating organization (NSRO) with a total of \$9,062,048.

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, 2024, the District and the College had \$39,105,158 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.

NOTE 3: Interfund Balances and Transfers

At June 30, 2024, the General Fund temporarily subsidized negative cash balance of the Grants Fund in the amount of \$2,782,219, which was repaid after receivables were collected after year-end.

During the year ended June 30, 2024, the General Fund transferred \$103,841 to the Student Activities Fund to finance certain student activities, transferred \$3,080,000 to the Capital Reserve Fund to finance future capital projects, and transferred \$1,000,000 to the Internal Service Fund to finance future health-related insurance costs.

NOTE 4: Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. The District 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, 2024

NOTE 5: Capital Assets

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

	Balance 6/30/2023	Additions	Deletions	Balance 6/30/2024
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 633,306	\$ -	\$ -	\$ 633,306
Land - College	97,233	-	-	97,233
Construction in Progress	969,113	14,692,484	3,549,330	12,112,267
Construction in Progress - College	-	71,887	-	71,887
Total Capital Assets, Not Being Depreciated	<u>1,699,652</u>	<u>14,764,371</u>	<u>3,549,330</u>	<u>12,914,693</u>
Capital Assets, Being Depreciated:				
Buildings and Improvements	112,154,550	3,600,264	-	115,754,814
Buildings and Improvements - College	4,543,217	208,802	-	4,752,019
Furniture and Equipment	3,662,688	728,489	-	4,391,177
Food Service Equipment	530,487	-	-	530,487
Furniture and Equipment - College	870,286	115,815	22,256	963,845
Vehicles	3,840,598	210,400	-	4,050,998
Total Capital Assets, Being Depreciated	<u>125,601,826</u>	<u>4,863,770</u>	<u>22,256</u>	<u>130,443,340</u>
Less Accumulated Depreciation:				
Buildings and Improvements	(57,295,550)	(3,174,594)	-	(60,470,144)
Buildings and Improvements - College	(3,429,370)	(114,523)	-	(3,543,893)
Furniture and Equipment	(2,121,678)	(277,888)	-	(2,399,566)
Food Service Equipment	(490,669)	(7,720)	-	(498,389)
Furniture and Equipment - College	(436,795)	(61,641)	(22,256)	(476,180)
Vehicles	(2,539,351)	(339,908)	-	(2,879,259)
Total Accumulated Depreciation	<u>(66,313,413)</u>	<u>(3,976,274)</u>	<u>(22,256)</u>	<u>(70,267,431)</u>
Total Capital Assets, Being Depreciated, Net	<u>59,288,413</u>	<u>887,496</u>	<u>-</u>	<u>60,175,909</u>
Capital Assets, Governmental Activities, Net	<u>\$ 60,988,065</u>	<u>\$ 15,651,867</u>	<u>\$ 3,549,330</u>	<u>\$ 73,090,602</u>

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

Instruction - District	\$ 55,984
Instruction - College	175,659
Supporting Services - District	3,736,406
Supporting Services - College	505
Food Service - District	7,720
Total	<u>\$ 3,976,274</u>

DELTA COUNTY JOINT SCHOOL DISTRICT 50J
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 6: Long-Term Debt

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

	Balance 6/30/2023	Additions	Reductions	Balance 6/30/2024	Due Within One Year
Governmental Activities					
G.O. Bonds, Series 2011	\$ 585,000	\$ -	\$ 585,000	\$ -	\$ -
Bond Premium, Series 2011	14,265	-	14,265	-	-
G.O. Bonds, Series 2014	990,000	-	990,000	-	-
Bond Premium, Series 2014	3,004	-	3,004	-	-
G.O. Bonds, Series 2023	27,700,000	-	-	27,700,000	620,000
Bond Premium, Series 2023	3,142,196	-	128,254	3,013,942	-
BEST Grant Program COPs	1,157,594	-	147,292	1,010,302	152,942
Financed Purchase Equipment	-	383,446	127,814	255,632	127,815
Financed Purchase Building	167,696	-	39,886	127,810	40,686
Early Retirement Incentive	168,454	-	102,762	65,692	65,692
Compensated Absences	431,843	289,416	-	721,259	721,259
Total Long-Term Debt	\$ 34,360,052	\$ 672,862	\$ 2,138,277	\$ 32,894,637	\$ 1,728,394

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

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 1st and December 1st, 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. At June 30, 2024, these bonds were paid in full.

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 1st and December 1st, 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. At June 30, 2024, these bonds were paid in full.

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 1st and December 1st, 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.

DELTA COUNTY JOINT SCHOOL DISTRICT 50J

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2024

NOTE 6: Long-Term Debt (Continued)

Bond payments to maturity are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	755,000	1,232,125	1,987,125
2030-2034	4,390,000	5,538,750	9,928,750
2035-2039	5,605,000	4,295,125	9,900,125
2040-2044	7,155,000	2,708,125	9,863,125
2045-2048	7,115,000	733,125	7,848,125
Total	<u>\$ 27,700,000</u>	<u>\$ 19,787,500</u>	<u>\$ 47,487,500</u>

On March 16, 2010, the District entered into a financed 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 financed purchase agreement. Principal payments are due annually on December 1, through 2029. Interest payments are due semi-annually on June 1st and December 1st, with interest accruing at a fixed rate of 3.84% per annum.

Certificates of Participation payments to maturity are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	177,798	10,494	188,292
2030	184,620	3,541	188,161
Total	<u>\$ 1,010,302</u>	<u>\$ 120,533</u>	<u>\$ 1,130,835</u>

On May 21, 2024, the District entered into a financed purchase agreement with Apple Financial Services to purchase computer hardware. Future minimum lease obligations are made annually in the amount of \$127,815 on June 1st, through 2026. No interest was charged on the financed purchase obligation. The financed purchases payments to maturity are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 127,815	\$ -	\$ 127,815
2026	127,817	-	127,817
Total	<u>\$ 255,632</u>	<u>\$ -</u>	<u>\$ 255,632</u>

DELTA COUNTY JOINT SCHOOL DISTRICT 50J

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2024

NOTE 6: Long-Term Debt (Continued)

On August 17, 2017, the District entered into a financed 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. 4th Street, Delta, Colorado. Payments are due monthly for the term of the agreement. However, the District must continue to elect to renew the agreement annually. 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 1st 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.

The financed purchases payments to maturity are as follows:

Year Ended June 30,	Principal	Interest	Total
2025	\$ 40,686	\$ 3,325	\$ 44,011
2026	40,744	3,266	44,010
2027	42,727	1,284	44,011
2028	3,653	14	3,667
Total	<u>\$ 127,810</u>	<u>\$ 7,889</u>	<u>\$ 135,699</u>

NOTE 7: Defined Benefit Pension Plan

General Information

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

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

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

DELTA COUNTY JOINT SCHOOL DISTRICT 50J

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2024

NOTE 7: Defined Benefit Pension Plan

General Information (Continued)

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

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

Contributions provisions as of June 30, 2024 - The District, State, and eligible employees are required to contribute to the SDTF at rates established by Title 24, Article 51, Part 4 of the CRS. These contribution requirements are established and may be amended by the State Legislature. The contribution rate for employees was 11% for the period from July 1, 2023, through June 30, 2024. The District's contribution rate for the fiscal year was 21.40% of covered salaries. However, a portion of the District's contribution (1.02% of covered salaries) is allocated to the Health Care Trust Fund (Note 8). The District's contributions to the SDTF for the year ended June 30, 2024, were \$7,102,766, equal to the required contributions.

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

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

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

The District's proportion of the net pension liability was based on the District's contributions to the SDTF for the calendar year ended December 31, 2023, relative to the total contributions of participating employers and the State as a nonemployer contributing entity. At December 31, 2023, the District's proportion was 0.4997365927%, which was an increase of 0.0970973033% from its proportion measured at December 31, 2023.

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

District's proportionate share of the net pension liability	\$ 88,370,530
State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the District	<u>1,937,704</u>
Total	<u>\$ 90,308,234</u>

DELTA COUNTY JOINT SCHOOL DISTRICT 50J

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2024

NOTE 7: Defined Benefit Pension Plan (Continued)

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

For the year ended June 30, 2024, the District recognized pension expense of \$10,456,193 and a revenue of (\$181,380) for support from the State as a nonemployer contributing entity. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Differences between expected and actual experience	\$ 4,190,445	\$ -
Net difference between projected and actual earnings on plan investments	6,334,798	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	7,875,268	3,881,803
Contributions subsequent to the measurement date	<u>3,590,099</u>	<u>-</u>
Total	<u>\$ 21,990,610</u>	<u>\$ 3,881,803</u>

District contributions subsequent to the measurement date of \$3,590,099 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:

<u>Year Ended June 30,</u>	
2025	\$ 2,335,585
2026	6,917,461
2027	7,031,979
2028	<u>(1,766,317)</u>
Total	<u>\$ 14,518,708</u>

Actuarial Assumptions - The actuarial valuation as of December 31, 2022, 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 12/31/06	Financed by the AIR

DELTA COUNTY JOINT SCHOOL DISTRICT 50J

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2024

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)

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

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2024

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)

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

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

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00%.
- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the scheduled increases in Senate Bill (SB) 18-200, required adjustments resulting from the 2018 and 2020 AAP assessments. Employee contributions for future plan participants were used to reduce the estimated amount of total service costs for future plan members.
- District contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the scheduled increase in SB 18-200, required adjustments resulting from the 2018 and 2020 AAP assessments. District contributions also include current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103%, at which point the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated District contributions reflect reductions for the funding of the annual increase reserve and retiree health care benefits. For future plan members, District contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- As specified in law, the state, as a nonemployer contributing entity, will provide an annual direct distribution of \$225 million, commencing July 1, 2018, that is proportioned between the PERA Division Trust Funds, including SDTF, based upon the covered payroll. The annual direct distribution ceases when all PERA Division Trust Funds are fully funded.
- District contributions and the amount of total service costs for future plan participants were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.

DELTA COUNTY JOINT SCHOOL DISTRICT 50J

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2024

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)

- The annual increase reserve balance was excluded from the initial fund net position, as, per statute, annual increase reserve amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. Annual increase reserve transfers to the fiduciary net position and the subsequent annual increase reserve benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the middle of the year.
- Beginning with the December 31, 2023, measurement date and thereafter, the fiduciary net position as of the current measurement date is used as a starting point for the GASB 67 projection test.

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

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

	1% Decrease (6.25%)	Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	\$ 118,166,101	\$ 88,370,530	\$ 63,524,632

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

NOTE 8: Postemployment Healthcare Benefits

General Information

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

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

DELTA COUNTY JOINT SCHOOL DISTRICT 50J
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 8: Postemployment Healthcare Benefits (Continued)

General Information (Continued)

The health care premium subsidy is based on the benefit structure under which the member retires and the member's years of service credit.

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

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

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

Contributions - As established by Title 24, Article 51, Section 208(1)(f) of the CRS, as amended, 1.02% of the District's contributions to the School Division Trust Fund (SDTF) (Note 7) are apportioned to the HCTF. No employee contributions are required. These contribution requirements are established and may be amended by the State Legislature. The District's apportionment to the HCTF for the year ended June 30, 2024, was \$355,486, equal to the required amount.

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

At June 30, 2024, the District reported a net OPEB liability of \$2,133,793, representing its proportionate share of the net OPEB liability of the HCTF. The net OPEB liability was measured at December 31, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2022. Standard update procedures were used to roll forward the total OPEB liability to December 31, 2023.

The District's proportion of the net OPEB liability was based on the District's contributions to the HCTF for the calendar year ended December 31, 2023, relative to the contributions of all participating employers.

At December 31, 2023, the District's proportion was 0.2989653453%, which was a decrease of 0.0070198545% from its proportion measured at December 31, 2022.

DELTA COUNTY JOINT SCHOOL DISTRICT 50J

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2024

NOTE 8: Postemployment Healthcare Benefits (Continued)

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

For the year ended June 30, 2024, the District recognized OPEB expense of (\$62,914). At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 437,353
Changes of assumptions and other inputs	25,097	226,248
Net difference between projected and actual earnings on plan investments	66,000	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	249,648	225,011
Contributions subsequent to the measurement date	179,681	-
Total	\$ 520,426	\$ 888,612

District contributions subsequent to the measurement date of \$179,681 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>			
2025		\$	(224,917)
2026			(96,497)
2027			(23,602)
2028			(112,967)
2029			(63,726)
2030			(26,158)
Total		\$	(547,867)

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

DELTA COUNTY JOINT SCHOOL DISTRICT 50J

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2024

NOTE 8: Postemployment Healthcare Benefits (Continued)

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

Actuarial Cost Method	Entry Age
Price inflation	2.30%
Real wage growth	0.70%
Wage inflation	3.00%
Salary increases, including wage inflation	3.40% - 11.00%
Long-term investment rate of return, net of 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	
7% in 2023, gradually decreasing to 4.5% in 2033	
Medicare Part A premiums:	
3.5% in 2023, gradually increasing to 4.5% in 2035	

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

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

Age-Related Morbidity Assumptions

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

DELTA COUNTY JOINT SCHOOL DISTRICT 50J

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2024

NOTE 8: Postemployment Healthcare Benefits (Continued)

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

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

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

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

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

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

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

DELTA COUNTY JOINT SCHOOL DISTRICT 50J
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

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

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

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

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

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

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

DELTA COUNTY JOINT SCHOOL DISTRICT 50J

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2024

NOTE 8: Postemployment Healthcare Benefits (Continued)

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

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

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

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

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

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

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

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

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

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

DELTA COUNTY JOINT SCHOOL DISTRICT 50J
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 8: Postemployment Healthcare Benefits (Continued)

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

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2023, measurement date.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3%.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Estimated transfers of dollars into the HCTF representing a portion of purchase service agreements intended to cover the costs associated with OPEB benefits.
- Benefit payments and contributions were assumed to be made at the middle of the year.
- Beginning with the December 31, 2023, measurement date and thereafter, the fiduciary net position as of the current measurement date is used as a starting point for the GASB 74 projection test.
- As of December 31, 2023, measurement date, the fiduciary net position and related disclosure components for the HCTF reflect payments related to disaffiliation of Tri-County Health Department as a PERA-affiliated employer, effective December 31, 2022. As of December 31, 2023, PERA recognized two additions for accounting and financial reporting purposes: a \$24 million payment received on December 4, 2023, and a \$2 million receivable. The employer disaffiliation payment and receivable allocations to the HCTF and Local Government Division Trust Fund were \$1.033 million and \$24.967 million, respectively.

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

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

	1% Decrease in Trend Rates	Current Trend Rates (7.25%)	1% Increase in Trend Rates
Initial PERACare Medicare trend rate	5.75%	6.75%	7.75%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	2.50%	3.50%	4.50%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability	<u>\$ 2,072,550</u>	<u>\$ 2,133,793</u>	<u>\$ 2,200,412</u>

DELTA COUNTY JOINT SCHOOL DISTRICT 50J

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2024

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 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	\$ 2,520,278	\$ 2,133,793	\$ 1,803,156

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

NOTE 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, 2024, significant amounts of grant expenditures have not been audited but management believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the District.

NOTE 9: Commitments and Contingencies (Continued)

Tabor Amendment

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

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

The Amendment requires the District to establish a reserve for emergencies, representing 3% of qualifying expenditures. At June 30, 2024, the District's and the College's emergency reserve was reported as restricted fund balance in the General Fund and the College (blended component unit), respectively, in the amount of \$1,802,899.

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.

DELTA COUNTY JOINT SCHOOL DISTRICT 50J

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2024

NOTE 10: Self-Insurance

At June 30, 2024, 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 through June 30, 2024. 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. The District does not expect additional claims subsequent to June 30, 2024.

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

Claims Payable, June 30, 2022	\$	652,690
Claims Incurred and Adjustments		7,695,488
Payments		<u>(7,827,152)</u>
Claims Payable, June 30, 2023		521,026
Claims Incurred and Adjustments		-
Payments		<u>(521,026)</u>
Claims Payable, June 30, 2024	\$	<u>-</u>

REQUIRED SUPPLEMENTARY INFORMATION

DELTA COUNTY JOINT SCHOOL DISTRICT 50J

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

Year Ended June 30, 2024

	BUDGET		ACTUAL	VARIANCE
	ORIGINAL	FINAL		Positive (Negative)
REVENUES				
Local Sources				
Property Taxes	\$ 11,514,801	\$ 13,010,000	\$ 12,923,106	\$ (86,894)
Specific Ownership Taxes	1,832,088	1,856,000	2,002,206	146,206
Tuition, Fees, and Charges for Services	120,850	400,850	441,132	40,282
Grants and Contributions	1,500	1,500	2,282	782
Services Provided Charter School	209,985	179,000	199,727	20,727
Indirect Cost Revenues	250,000	250,000	196,328	(53,672)
Interest Income	250,000	451,000	848,022	397,022
Miscellaneous	689,004	686,600	706,388	19,788
County Sources	28,756	28,000	44,550	16,550
State Sources	35,132,216	34,110,577	33,773,241	(337,336)
Federal Sources	522,426	475,000	450,899	(24,101)
TOTAL REVENUES	50,551,626	51,448,527	51,587,881	139,354
EXPENDITURES				
Current				
Instruction	29,366,371	28,843,000	27,603,287	1,239,713
Supporting Services				
Students	1,487,041	1,548,920	1,523,864	25,056
Instructional Staff	1,688,362	1,997,104	1,494,009	503,095
General Administration	724,476	679,922	694,743	(14,821)
School Administration	4,357,073	4,523,178	4,252,714	270,464
Business Services	822,527	824,379	728,650	95,729
Operations and Maintenance	5,311,726	5,221,774	4,820,057	401,717
Student Transportation	2,499,884	2,534,321	2,067,312	467,009
Central Support	2,293,904	2,463,741	2,385,608	78,133
Community Services	54,253	54,091	31,363	22,728
Total Supporting Services	19,239,246	19,847,430	17,998,320	1,849,110
Capital Outlay	-	-	91,478	(91,478)
Debt Service				
Principal	85,000	129,485	127,814	1,671
TOTAL EXPENDITURES	48,690,617	48,819,915	45,820,899	2,999,016
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	1,861,009	2,628,612	5,766,982	3,138,370

DELTA COUNTY JOINT SCHOOL DISTRICT 50J

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

Year Ended June 30, 2024

	BUDGET		ACTUAL	VARIANCE
	ORIGINAL	FINAL		Positive (Negative)
OTHER FINANCING SOURCES (USES)				
Financed Purchase Proceeds	-	-	383,446	
Transfers Out	<u>(3,183,841)</u>	<u>(4,654,517)</u>	<u>(4,183,841)</u>	470,676
 TOTAL OTHER FINANCING SOURCES (USES)	<u>(3,183,841)</u>	<u>(4,654,517)</u>	<u>(3,800,395)</u>	470,676
 CHANGE IN FUND BALANCE	(1,322,832)	(2,025,905)	1,966,587	3,609,046
 FUND BALANCE, Beginning	<u>14,310,549</u>	<u>14,666,938</u>	<u>14,666,699</u>	<u>(239)</u>
 FUND BALANCE, Ending	<u>\$ 12,987,717</u>	<u>\$ 12,641,033</u>	<u>\$ 16,633,286</u>	<u>\$ 3,992,253</u>

DELTA COUNTY JOINT SCHOOL DISTRICT 50J
BUDGETARY COMPARISON SCHEDULE
GRANTS FUND
Year Ended June 30, 2024

	BUDGET		ACTUAL	VARIANCE
	ORIGINAL	FINAL		Positive (Negative)
REVENUES				
Local Grants	\$ 1,462,302	\$ 1,739,569	\$ 1,618,666	\$ (120,903)
State Grants	778,489	1,034,716	1,024,990	(9,726)
Federal Grants	9,955,785	9,384,784	9,756,264	371,480
TOTAL REVENUES	12,196,576	12,159,069	12,399,920	240,851
EXPENDITURES				
Current				
Instruction	5,815,000	5,292,269	6,050,341	(758,072)
Supporting Services				
Students	1,589,000	1,183,000	980,033	202,967
Instructional Staff	1,926,200	1,420,000	1,455,960	(35,960)
General Administration	58,000	57,000	59,608	(2,608)
School Administration	642,500	640,300	356,146	284,154
Business Services	-	-	23,307	(23,307)
Operations and Maintenance	1,627,876	3,001,000	3,027,723	(26,723)
Student Transportation	38,500	29,500	11,287	18,213
Central Support	-	38,500	37,660	840
Non-Instructional	-	-	201,208	(201,208)
Food Service	-	-	13,474	(13,474)
Community Services	413,500	411,500	155,180	256,320
Capital Outlay	86,000	86,000	27,993	58,007
TOTAL EXPENDITURES	12,196,576	12,159,069	12,399,920	(240,851)
CHANGE IN FUND BALANCE	-	-	-	-
FUND BALANCE, Beginning	-	-	-	-
FUND BALANCE, Ending	\$ -	\$ -	\$ -	\$ -

DELTA COUNTY JOINT SCHOOL DISTRICT 50J
BUDGETARY COMPARISON SCHEDULE
TECHNICAL COLLEGE OF THE ROCKIES
Year Ended June 30, 2024

	BUDGET		ACTUAL	VARIANCE
	ORIGINAL	FINAL		Positive (Negative)
REVENUES				
Local Sources				
Tuition, Fees and Services, <i>Net of Scholarship Allowances</i>	\$ 1,911,712	\$ 1,296,301	\$ 713,498	\$ (582,803)
Other Local	712,797	734,160	1,221,891	487,731
State Grants	2,491,299	2,491,818	2,488,898	(2,920)
Federal Grants	257,573	257,573	558,631	301,058
TOTAL REVENUES	5,373,381	4,779,852	4,982,918	203,066
EXPENDITURES				
Current				
Instruction	2,064,536	2,133,308	2,356,586	(223,278)
Supporting Services				
Students	495,994	525,383	549,416	(24,033)
Instructional Staff	115,067	116,909	103,309	13,600
General Administration	-	3,500	1,613	1,887
School Administration	612,301	577,079	443,542	133,537
Business Services	1,039,271	1,074,516	564,772	509,744
Operations and Maintenance	365,185	362,501	289,978	72,523
Central Services	51,490	55,722	43,193	12,529
Total Supporting Services	2,679,308	2,715,610	1,995,823	719,787
Capital Outlay	-	-	244,004	(244,004)
TOTAL EXPENDITURES	4,743,844	4,848,918	4,596,413	252,505
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	629,537	(69,066)	386,505	455,571
OTHER FINANCING SOURCES (USES)				
Proceeds from Sale of Capital Assets	-	50,000	50,000	-
CHANGE IN FUND BALANCE	629,537	(19,066)	436,505	455,571
FUND BALANCE, Beginning	2,363,980	2,212,224	2,212,224	-
FUND BALANCE, Ending	\$ 2,993,517	\$ 2,193,158	\$ 2,648,729	\$ 455,571

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, 2024

MEASUREMENT YEAR	<u>12/31/23</u>	<u>12/31/22</u>	<u>12/31/21</u>	<u>12/31/20</u>
PROPORTIONATE SHARE OF THE NET PENSION LIABILITY				
District's Proportion of the Net Pension Liability	0.4997365927%	0.4026392894%	0.4599169570%	0.4778229836%
District's Proportionate Share of the Net Pension Liability	\$ 88,370,530	\$ 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>1,937,704</u>	<u>21,365,736</u>	<u>5,634,408</u>	<u>-</u>
Total Proportionate Share of the Net Pension Liability	<u>\$ 90,308,234</u>	<u>\$ 94,684,196</u>	<u>\$ 59,156,627</u>	<u>\$ 80,656,887</u>
District's Covered Payroll	\$ 33,037,094	\$ 31,050,309	\$ 28,695,368	\$ 28,221,660
District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	267%	236%	187%	286%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	65%	62%	75%	67%
FISCAL YEAR	<u>6/30/24</u>	<u>6/30/23</u>	<u>6/30/22</u>	<u>6/30/21</u>
DISTRICT CONTRIBUTIONS				
Statutorily Required Contribution	\$ 7,102,766	\$ 6,438,157	\$ 6,014,948	\$ 5,601,066
Contributions in Relation to the Statutorily Required Contribution	<u>(7,102,766)</u>	<u>(6,438,157)</u>	<u>(6,014,948)</u>	<u>(5,601,066)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 34,851,603	\$ 31,590,566	\$ 30,256,255	\$ 28,848,526
Contributions as a Percentage of Covered Payroll	20.38%	20.38%	19.88%	19.42%

<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, 2024

MEASUREMENT YEAR	<u>12/31/23</u>	<u>12/31/22</u>	<u>12/31/21</u>	<u>12/31/20</u>
PROPORTIONATE SHARE OF THE NET OPEB LIABILITY				
District's Proportion of the Net OPEB Liability	0.2989653453%	0.3059851998%	0.3002909437%	0.2762801505%
District's Proportionate Share of the Net OPEB Liability	\$ 2,133,793	\$ 2,498,305	\$ 2,589,424	\$ 2,931,293
District's Covered Payroll	\$ 33,037,094	\$ 31,050,309	\$ 28,695,368	\$ 26,937,111
District's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	6%	8%	9%	11%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	46%	39%	39%	33%
FISCAL YEAR				
	<u>6/30/24</u>	<u>6/30/23</u>	<u>6/30/22</u>	<u>6/30/21</u>
DISTRICT CONTRIBUTIONS				
Statutorily Required Contribution	\$ 355,486	\$ 322,224	\$ 308,613	\$ 294,254
Contributions in Relation to the Statutorily Required Contribution	<u>(355,486)</u>	<u>(322,224)</u>	<u>(308,613)</u>	<u>(294,254)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 34,851,603	\$ 31,590,566	\$ 30,256,255	\$ 28,848,526
Contributions as a Percentage of Covered Payroll	1.02%	1.02%	1.02%	1.02%

This schedule is presented to show information for 10 years. Until information for the full 10-year period is available, 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, 2024

NOTE 1: Stewardship, Compliance, and Accountability

Budgetary Information

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

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

Budget Compliance

At June 30, 2024, the District's Grants Fund, Student Activity Fund, and Scholarship Trust Fund actual expenditures/expenses exceeded budgeted appropriations by \$240,851, 19,994, and \$3,670, respectively. This may be a violation of state statutes.

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

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

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

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

NOTE 3: Changes in Assumptions and Other Inputs

No changes made to the actuarial methods or assumptions.

SUPPLEMENTARY INFORMATION

DELTA COUNTY JOINT SCHOOL DISTRICT 50J

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

June 30, 2024

	<u>TECHNICAL COLLEGE STUDENT ACTIVITY</u>	<u>FOOD SERVICE</u>	<u>STUDENT ACTIVITY</u>
ASSETS			
Cash and Investments	\$ 60,931	\$ 853,744	\$ 670,579
Accounts Receivable	-	-	242
Taxes Receivable	-	-	-
Grants Receivable	-	21,225	-
Inventories	-	117,243	-
Prepaid Expenditures	-	1,325	1,822
	<hr/>	<hr/>	<hr/>
TOTAL ASSETS	<u>\$ 60,931</u>	<u>\$ 993,537</u>	<u>\$ 672,643</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES			
Accounts Payable	\$ -	\$ 2,786	\$ -
Retainage Payable	-	-	-
Accrued Salaries and Benefits	-	109,008	-
	<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES	<hr/> -	<hr/> 111,794	<hr/> -
DEFERRED INFLOWS OF RESOURCES			
Property Taxes	-	-	-
	<hr/>	<hr/>	<hr/>
FUND BALANCES			
Nonspendable Inventories	-	117,243	-
Nonspendable Prepaid Expenditures	-	1,325	1,822
Restricted for Debt Service	-	-	-
Assigned to:			
Food Services	-	763,175	-
Student Activities	60,931	-	670,821
Capital Projects	-	-	-
	<hr/>	<hr/>	<hr/>
TOTAL FUND BALANCES	<hr/> 60,931	<hr/> 881,743	<hr/> 672,643
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 60,931</u>	<u>\$ 993,537</u>	<u>\$ 672,643</u>

<u>CAPITAL RESERVE</u>	<u>DEBT SERVICE</u>	<u>TOTAL</u>
\$ 2,509,225	\$ 2,058,010	\$ 6,152,489
-	-	242
-	137,718	137,718
-	-	21,225
-	-	117,243
-	-	3,147
\$ 2,509,225	\$ 2,195,728	\$ 6,432,064
\$ 2,509,225	\$ 2,195,728	\$ 6,432,064
\$ 9,517	\$ -	\$ 12,303
144,429	-	144,429
20,102	-	129,110
174,048	-	285,842
-	77,284	77,284
-	-	117,243
-	-	3,147
-	2,118,444	2,118,444
-	-	763,175
-	-	731,752
2,335,177	-	2,335,177
2,335,177	2,118,444	6,068,938
\$ 2,509,225	\$ 2,195,728	\$ 6,432,064
\$ 2,509,225	\$ 2,195,728	\$ 6,432,064

DELTA COUNTY JOINT SCHOOL DISTRICT 50J
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
Year Ended June 30, 2024

	TECHNICAL COLLEGE STUDENT ACTIVITY	FOOD SERVICE	STUDENT ACTIVITY
REVENUES			
Local Sources	\$ 15,385	\$ 67,289	\$ 2,025,818
State Sources	-	621,933	-
Federal Sources	-	1,619,719	-
	15,385	2,308,941	2,025,818
TOTAL REVENUES	15,385	2,308,941	2,025,818
EXPENDITURES			
Current			
Instruction	29,994	-	2,047,629
Supporting Services	-	-	-
Food Services	-	2,415,528	-
Capital Outlay	-	7,433	-
Debt Service			
Principal	-	-	-
Interest and Fiscal Charges	-	-	-
	29,994	2,422,961	2,047,629
TOTAL EXPENDITURES	29,994	2,422,961	2,047,629
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(14,609)	(114,020)	(21,811)
OTHER FINANCING SOURCES			
Transfers In	-	-	103,841
CHANGE IN FUND BALANCES	(14,609)	(114,020)	82,030
FUND BALANCES, Beginning	75,540	995,763	590,613
FUND BALANCES, Ending	\$ 60,931	\$ 881,743	\$ 672,643

<u>CAPITAL RESERVE</u>	<u>DEBT SERVICE</u>	<u>TOTAL</u>
\$ 147,657	\$ 2,085,363	\$ 4,341,512
-	-	621,933
-	-	1,619,719
<u>147,657</u>	<u>2,085,363</u>	<u>6,583,164</u>
-	-	2,077,623
50,606	-	50,606
-	-	2,415,528
3,040,386	-	3,047,819
187,178	1,575,000	1,762,178
45,894	1,407,750	1,453,644
<u>3,324,064</u>	<u>2,982,750</u>	<u>10,807,398</u>
<u>(3,176,407)</u>	<u>(897,387)</u>	<u>(4,224,234)</u>
<u>3,080,000</u>	-	<u>3,183,841</u>
(96,407)	(897,387)	(1,040,393)
<u>2,431,584</u>	<u>3,015,831</u>	<u>7,109,331</u>
<u>\$ 2,335,177</u>	<u>\$ 2,118,444</u>	<u>\$ 6,068,938</u>

DELTA COUNTY JOINT SCHOOL DISTRICT 50J
BUDGETARY COMPARISON SCHEDULE
TECHNICAL COLLEGE OF THE ROCKIES - STUDENT ACTIVITY FUND
Year Ended June 30, 2024

	BUDGET		ACTUAL	VARIANCE
	ORIGINAL	FINAL		Positive (Negative)
REVENUES				
Local Sources				
Contributions and Donations	\$ 10,000	\$ 10,000	\$ 15,385	\$ 5,385
EXPENDITURES				
Current				
Instruction	10,000	10,000	29,994	(19,994)
CHANGE IN FUND BALANCE	-	-	(14,609)	(14,609)
FUND BALANCE, Beginning	-	50,267	75,540	25,273
FUND BALANCE, Ending	\$ -	\$ 50,267	\$ 60,931	\$ 10,664

DELTA COUNTY JOINT SCHOOL DISTRICT 50J
BUDGETARY COMPARISON SCHEDULE
FOOD SERVICE FUND
Year Ended June 30, 2024

	BUDGET		ACTUAL	VARIANCE
	ORIGINAL	FINAL		Positive (Negative)
REVENUES				
Local Sources				
Fees	\$ 40,000	\$ 40,000	\$ 65,546	\$ 25,546
Miscellaneous	2,000	2,000	1,743	(257)
State Grants	15,000	15,000	621,933	606,933
Federal Grants	1,983,000	2,233,000	1,619,719	(613,281)
TOTAL REVENUES	2,040,000	2,290,000	2,308,941	18,941
EXPENDITURES				
Current				
Salaries	926,384	945,308	978,754	(33,446)
Benefits	397,177	399,972	416,635	(16,663)
Purchased Services	15,750	15,750	8,667	7,083
Supplies and Materials	886,143	996,143	1,011,472	(15,329)
Capital Outlay	68,800	68,800	7,433	61,367
TOTAL EXPENDITURES	2,294,254	2,425,973	2,422,961	3,012
CHANGE IN FUND BALANCE	(254,254)	(135,973)	(114,020)	21,953
FUND BALANCE, Beginning	657,221	995,763	995,763	-
FUND BALANCE, Ending	<u>\$ 402,967</u>	<u>\$ 859,790</u>	<u>\$ 881,743</u>	<u>\$ 21,953</u>

DELTA COUNTY JOINT SCHOOL DISTRICT 50J
BUDGETARY COMPARISON SCHEDULE
STUDENT ACTIVITY FUND
Year Ended June 30, 2024

	BUDGET		ACTUAL	VARIANCE
	ORIGINAL	FINAL		Positive (Negative)
REVENUES				
Local Sources				
Student Activity Fees	\$ 1,800,000	\$ 1,900,000	\$ 2,025,818	\$ 125,818
EXPENDITURES				
Current				
Instruction	2,000,000	2,050,000	2,047,629	2,371
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(200,000)	(150,000)	(21,811)	128,189
OTHER FINANCING SOURCES				
Transfers In	103,841	103,841	103,841	-
CHANGE IN FUND BALANCE	(96,159)	(46,159)	82,030	128,189
FUND BALANCE, Beginning	712,574	590,613	590,613	-
FUND BALANCE, Ending	\$ 616,415	\$ 544,454	\$ 672,643	\$ 128,189

DELTA COUNTY JOINT SCHOOL DISTRICT 50J
BUDGETARY COMPARISON SCHEDULE
CAPITAL RESERVE FUND
Year Ended June 30, 2024

	BUDGET		ACTUAL	VARIANCE
	ORIGINAL	FINAL		Positive (Negative)
REVENUES				
Local Sources	\$ 80,000	\$ 80,500	\$ 147,657	\$ 67,157
EXPENDITURES				
Current				
Supporting Services	53,863	54,080	50,606	3,474
Capital Outlay	4,356,504	5,305,115	3,040,386	2,264,729
Debt Service				
Principal	186,845	186,845	187,178	(333)
Interest	46,044	46,044	45,894	150
TOTAL EXPENDITURES	4,643,256	5,592,084	3,324,064	2,268,020
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(4,563,256)	(5,511,584)	(3,176,407)	2,335,177
OTHER FINANCING SOURCES				
Transfers In	3,080,000	3,080,000	3,080,000	-
CHANGE IN FUND BALANCE	(1,483,256)	(2,431,584)	(96,407)	2,335,177
FUND BALANCE, Beginning	1,483,256	2,431,584	2,431,584	-
FUND BALANCE, Ending	\$ -	\$ -	\$ 2,335,177	\$ 2,335,177

DELTA COUNTY JOINT SCHOOL DISTRICT 50J
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
Year Ended June 30, 2024

	BUDGET		ACTUAL	VARIANCE
	ORIGINAL	FINAL		Positive (Negative)
REVENUES				
Local Sources				
Property Taxes	\$ 1,910,300	\$ 1,910,300	\$ 1,973,492	\$ 63,192
Investment Income	48,000	100,000	111,871	11,871
TOTAL REVENUES	1,958,300	2,010,300	2,085,363	75,063
EXPENDITURES				
Debt Service				
Principal	1,575,000	1,575,000	1,575,000	-
Interest and Fiscal Charges	1,415,000	1,415,000	1,406,150	8,850
Fees and Charges	-	-	1,600	(1,600)
TOTAL EXPENDITURES	2,990,000	2,990,000	2,982,750	7,250
CHANGE IN FUND BALANCE	(1,031,700)	(979,700)	(897,387)	82,313
FUND BALANCE, Beginning	3,049,556	3,015,831	3,015,831	-
FUND BALANCE, Ending	<u>\$ 2,017,856</u>	<u>\$ 2,036,131</u>	<u>\$ 2,118,444</u>	<u>\$ 82,313</u>

DELTA COUNTY JOINT SCHOOL DISTRICT 50J
BUDGETARY COMPARISON SCHEDULE
BUILDING FUND
Year Ended June 30, 2024

	BUDGET		ACTUAL	VARIANCE
	ORIGINAL	FINAL		Positive (Negative)
REVENUES				
Local Sources				
Investment Income	\$ 900,000	\$ 1,335,000	\$ 1,746,399	\$ 411,399
EXPENDITURES				
Capital Outlay	20,600,000	20,600,000	8,757,970	11,842,030
CHANGE IN FUND BALANCE	(19,700,000)	(19,265,000)	(7,011,571)	12,253,429
FUND BALANCE, Beginning	30,758,909	30,834,622	30,834,622	-
FUND BALANCE, Ending	\$ 11,058,909	\$ 11,569,622	\$ 23,823,051	\$ 12,253,429

DELTA COUNTY JOINT SCHOOL DISTRICT 50J
BUDGETARY COMPARISON SCHEDULE
INSURANCE FUND
Year Ended June 30, 2024

	BUDGET		ACTUAL	VARIANCE
	ORIGINAL	FINAL		Positive (Negative)
REVENUES				
Rebates	\$ 100,000	\$ 100,000	\$ 285,755	\$ (185,755)
Interest Income	100	100	69	31
TOTAL REVENUES	100,100	100,100	285,824	(185,724)
EXPENDITURES				
Current				
Insurance Claims	350,000	905,754	582,113	323,641
Administration Fees and Premiums	71,100	71,100	47,604	23,496
TOTAL EXPENDITURES	421,100	976,854	629,717	347,137
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(321,000)	(876,754)	(343,893)	161,413
OTHER FINANCING SOURCES				
Transfers In	-	1,470,676	1,000,000	(470,676)
CHANGE IN NET POSITION, Budgetary Basis	(321,000)	593,922	656,107	347,137
NET POSITION, Beginning, Budgetary Basis	100,324	(593,922)	(72,896)	521,026
NET POSITION, Ending, Budgetary Basis	\$ (220,676)	\$ -	\$ 583,211	\$ 583,211

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	\$ (999)
DEDUCTIONS				
Fiscal Charges	-	-	60	(60)
Distribution to Technical College of the Rockies	1,000	1,000	4,610	(3,610)
TOTAL EXPENDITURES	1,000	1,000	4,670	(3,670)
CHANGE IN FUND BALANCE	-	-	(4,669)	(4,669)
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 (the District) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the basic financial statements of the District and have issued our report thereon dated January 17, 2025.

Report on Internal Control Over Financial Reporting

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 2023-002 for the College.

District's Response to Findings

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

Purpose of this Report

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

DMC Auditing and Consulting, LLC

January 17, 2025
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 (the District) 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 the District’s major federal programs for the year ended June 30, 2024. the District’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District 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, 2024.

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 the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District’s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the District’s federal programs.

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 the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with 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 the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2024-001. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

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

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. We consider deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2024-001 to be significant deficiencies.

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

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

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

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 the District as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the basic financial statements of the District. We issued our report thereon dated January 17, 2025, 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 the District'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 17, 2025
Bailey, Colorado

DELTA COUNTY JOINT SCHOOL DISTRICT 50J
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2024

Federal Grantor/Pass-Through Grantor/Program Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Expenditures	Subrecipients
U.S. DEPARTMENT OF AGRICULTURE				
Passed Through State Department of Education				
<i>Child Nutrition Cluster</i>				
School Breakfast Program (SBP)	10.553	4553	\$ 337,651	
National School Lunch Program (NSLP)	10.555	4555	1,052,461	
National School Lunch Program (Supply Chain Assistance)	10.555	6555	89,188	
Summer Food Service Program for Children	10.559	4559	<u>21,225</u>	
Passed through State Department of Human Services				
National School Lunch Program (Donated Commodities)	10.555	4555	<u>103,961</u>	
<i>Child Nutrition Cluster Subtotal</i>			<u>1,604,486</u>	
<i>Forest Service Schools and Roads Cluster</i>				
Schools and Roads - Grants to States	10.665	7665	<u>13,948</u>	
<i>Forest Service Schools and Roads Cluster Subtotal</i>			<u>13,948</u>	
Passed Through State Department of Education				
Local Food for Schools Cooperative Agreement Program	10.185	4185	15,233	
Pandemic Electronic Benefit Transfer Administrative Costs Grant	10.649	4649	<u>3,256</u>	
TOTAL U.S. DEPARTMENT OF AGRICULTURE			<u>1,636,923</u>	
U.S. DEPARTMENT OF DEFENSE				
Direct				
Reserve Officer Training Corp (ROTC) - 9001	12.xxx	N/A	<u>65,599</u>	
U.S. DEPARTMENT OF EDUCATION				
Passed Through State Department of Education				
Title I	84.010	4010, 8010	1,282,397	334
<i>Special Education Cluster (IDEA)</i>				
Special Education - IDEA Part B	84.027A	4027	1,173,071	
Special Education - IDEA Preschool	84.173A	4173	<u>51,210</u>	
<i>Special Education Cluster (IDEA) Subtotal</i>			<u>1,224,281</u>	
English Language Acquisition	84.365	4365	19,143	
Supporting Effective Instruction	84.367	4367	216,372	14,351
Student Support and Academic Enrichment Program	84.424A	4424	104,243	
Education Stabilization Fund (COVID-19 Education Stabilization Fund)				
Emergency Relief (ARP ESSER)	84.425U	4414, 4418, 9414, 9418, 4436, 4429	5,107,680	154,321
Governor's Emergency Education Relief Fund	84.425C	6427	<u>37,429</u>	
Education Stabilization Fund Total			<u>5,145,109</u>	<u>154,321</u>
Passed Through State Community Colleges System				
Comprehensive Literacy Development	84.371C	5371	56,194	
Carl Perkins Innovation	84.051F	5243	250,000	
Career and Technical Education	84.048	4048	<u>57,676</u>	
TOTAL U.S. DEPARTMENT OF EDUCATION			<u>8,355,415</u>	<u>169,006</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Direct				
<i>Head Start Cluster</i>				
Head Start - 8600	93.600	N/A	<u>1,161,458</u>	
<i>Head Start Cluster Subtotal</i>			<u>1,161,458</u>	
Passed Through State Department of Education				
Child Care and Development Block Grant	93.575	4575	107,965	
Public Health Emergency: Cooperative Agreement for Emergency Response: Public Health Crisis Response	93.354	7345, 7354	<u>106,890</u>	
TOTAL U.S. DEPARTMENT OF HUMAN SERVICES			<u>1,376,313</u>	
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 11,434,250</u>	<u>\$ 169,006</u>

DELTA COUNTY JOINT SCHOOL DISTRICT 50J
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2024

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 District, it is not intended to and does not present the financial position, changes in net position or fund balance, or cash flows of the District.

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.

NOTE 2: Summary of Significant Accounting Policies

Governmental fund types account for the majority of the District's federal grant activity. Expenditures reported in the schedule of expenditures of federal awards are recognized on a modified basis of accounting. Subrecipient expenditures are recorded on a cash basis. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or limited as to reimbursement. Non-cash expenditures are included in the schedule.

NOTE 3: Indirect Cost Rate

The District has not elected to use the 10% de minimis cost rate.

DELTA COUNTY JOINT SCHOOL DISTRICT 50J
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2024

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:

Federal Assistance Listing Number	Name of Federal Cluster/Program
10.553, 10.555, 10.559	Child Nutrition Cluster
84.425U, 84.425C	Education Stabilization Fund
93.600	Head Start

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, 2024

SECTION II: FINANCIAL STATEMENT FINDINGS

2023-002 (the College): Material Weakness in Internal Controls over Financial Reporting Related to Tuition Billing and Collections (Repeat Finding)

Criteria: Internal controls are required to mitigate the risk of misstatement and noncompliance, whether due to fraud or error. Maintaining a strong system of internal controls is essential for the College to safeguard assets and prevent errors and fraud.

Condition: During the prior fiscal year, we identified that tuition billing and collections processes lack internal controls. Class rosters are manually entered into the College’s billing system and ERP system by a one employee without a second person review or segregation of duties. In addition, the same person also performs collections of the tuition fees from students and is able to make edits in the billing system and the journal entry to the College’s accounting records.

Cause: During fiscal year ended June 30, 2024, the College implemented reviews and approvals over registrations and billing, which addressed a significant portion of the internal control issue. We understand that staff are continuing to find ways to improve the remainder of the internal control issues related to this process, including the internal controls and segregation of duties related to tuition fee collections. In addition, our understanding is that the College will implement a new software that will further improve segregation of duties and internal controls in fiscal year ending June 30, 2025, to prevent errors and reduce opportunities for fraud within the tuition billing and collections processes at the College.

Effect: Tuition billing and collections are critical processes at the College. Lack of internal controls with these processes may cause potential noncompliance, errors, and fraud to the College’s assets accounting records. The College partially addressed this finding during the fiscal year ended June 30, 2024. However, this is repeat finding that is anticipated to be fully addressed by the College within the next fiscal year.

Repeat Finding: Yes.

Recommendation: The College must continue to establish mitigating internal controls such as a timely reconciliation process and a second person review related to collection and entry into the billing system and ERP system. This may include segregation of duties between the individual entering the billing and posting the payment or other mitigating internal controls to avoid one person performing all of the processes.

Corrective Action Plan: Reported on page 72.



Delta County School District 50J

145 West 4th Street, Delta, CO 81416

970-874-4438

www.deltaschools.com

January 10, 2025

Corrective Action Plan:

Finding: 2023-002

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

Delta County Joint School District No. 50J had the following regarding internal controls at the Technical College of the Rockies:

- A lack of adequate review and segregation of duties in the tuition billing and collections process.

Delta County Joint School District No. 50J concurs with finding 2023-002 and will implement the following corrective steps:

- The College is implementing changes to procedures and systems to fulfill the internal control issue within the business office.

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.

"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 FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2024

SECTION III: FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

2024-001: Significant Deficiency Over Compliance with Procurement and Suspension and Debarment

Federal Program: Child Nutrition Cluster

Federal Assistance Listing Number(s): 10.553, 10.555, and 10.559

Federal Agency: U.S. Department of Agriculture

Pass-through Entity: Colorado Department of Education

Criteria: 2 CFR 200.319 states that all procurement transactions under the Federal award must be conducted in a manner that provides full and open competition and is consistent with Federal procurement standards. 2 CFR 200.214 states in part that recipients and subrecipients are subject to the nonprocurement debarment and suspension regulations. In addition, 2 CFR 200.303 in part states that a recipient of a Federal award must establish, document, and maintain effective internal control over the Federal award.

Condition: We have selected and tested three of the largest vendors from the Child Nutrition Cluster for compliance with procurement and suspension and debarment. We identified that one vendor was not properly procured, in accordance with 2 CFR 200.319–2 CFR 200.324. As a result, the District incurred questioned costs in the amount of \$31,401.63, which was in excess of \$25,000 Federal requirement, based on 2 CFR 200.516. Also, the District did not perform procedures to verify suspension and debarment on the same vendor.

Cause: District’s internal controls over procurement in the Child Nutrition Cluster were properly designed but not operating effectively to verify that all vendors are properly procured and verified for suspension and debarment. The District did not properly procure one vendor within the Child Nutrition Cluster that incurred questioned costs in excess of the \$25,000 threshold, based on 2 CFR 200.516.

Effect: The District did not properly procure one vendor within the Child Nutrition Cluster that incurred questioned costs in excess of the \$25,000 threshold, based on 2 CFR 200.516, and, as a result, revealed a significant deficiency in internal controls over procurement in the Child Nutrition Cluster.

Repeat Finding: No.

Recommendation: We recommend that the District re-evaluate the procurement processes in the Child Nutrition Services program and re-evaluate the design of internal controls over procurement and suspension and debarment to be in compliance with the Federal requirements and the District’s procurement policy.

Corrective Action Plan: Reported on page 74.



Delta County School District 50J

145 West 4th Street, Delta, CO 81416

970-874-4438

www.deltaschools.com

January 10, 2025

Corrective Action Plan:

Finding: 2024-001

Type of Finding : Significant Deficiency Over Compliance with Procurement and Suspension Debarment

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

- The District did not properly procure one vendor within the Child Nutritional Cluster that incurred questioned costs in excess of the \$25,000 threshold, based on 2 CFR 200.516.

Delta County Joint School District No. 50J concurs with finding 2024-001 and will implement the following corrective steps:

- Additional procedures have been put in place, and documentation will be maintained for purchases to satisfy Procurement and Debarment requirements.

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.

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DELTA COUNTY JOINT SCHOOL DISTRICT 50J
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2024

PRIOR YEAR FINANCIAL STATEMENT FINDINGS

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

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.

Status: Corrective action was taken, and the prior audit finding has been resolved as of June 30, 2024.

2023-001 (the College): Material Audit Adjusting Journal Entries and Restatement in the Financial Statements

Condition: We identified a material audit adjusting journal entry in the financial statements related to the financial reporting of the scholarship allowance. We had to adjust the College's accounting records to reflect the scholarship allowance. In addition, we identified that the College did not properly implement Governmental Accounting Standard Board (GASB) Statement No. 84, *Fiduciary Activities*. This required a restatement to reclassify the College's Student Activity Fund from a Fiduciary Fund to a Special Revenue Fund in order to comply with GASB 84.

Status: Corrective action was taken, and the prior audit finding has been resolved as of June 30, 2024.

STATE COMPLIANCE



Colorado Department of Education

Auditors Integrity Report

District: 0870 - Delta County 50(U)
Fiscal Year 2023-24

Colorado School District/BOCES

Revenues, Expenditures, & Fund Balance by Fund

Fund Type & Number	Beg Fund Balance & Prior Per Adj (6880*)	1000 - 5999 Total Revenues & Other Sources	0001-0999 Total Expenditures & Other Uses	6700-6799 & Prior Per Adj (6880*) Ending Fund Balance
Governmental				
10 General Fund	14,198,367	46,153,470	44,261,682	16,090,155
18 Risk Mgmt Sub-Fund of General Fund	0	0	0	0
19 Colorado Preschool Program Fund	468,332	1,634,018	1,559,218	543,132
Sub- Total	14,666,699	47,787,488	45,820,900	16,633,286
11 Charter School Fund	1,462,030	5,607,294	5,364,098	1,705,227
20,26-29 Special Revenue Fund	2,287,765	5,048,298	4,626,403	2,709,660
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	995,762	2,308,940	2,422,958	881,744
22 Govt Designated-Purpose Grants Fund	0	12,399,921	12,399,921	0
23 Pupil Activity Special Revenue Fund	590,613	2,129,659	2,047,630	672,642
25 Transportation Fund	0	0	0	0
31 Bond Redemption Fund	3,015,830	2,085,363	2,982,750	2,118,444
39 Certificate of Participation (COP) Debt Service Fund	0	0	0	0
41 Building Fund	30,834,622	1,746,399	8,757,969	23,823,051
42 Special Building Fund	0	0	0	0
43 Capital Reserve Capital Projects Fund	2,431,584	3,227,656	3,324,063	2,335,177
46 Supplemental Cap Const, Tech, Main Fund	0	0	0	0
Totals	56,284,904	82,341,018	87,746,691	50,879,232
Proprietary				
50 Other Enterprise Funds	0	0	0	0
64 (63) Risk-Related Activity Fund	-593,922	1,198,710	21,577	583,211
60,65-69 Other Internal Service Funds	0	0	0	0
Totals	-593,922	1,198,710	21,577	583,211
Fiduciary				
70 Other Trust and Agency Funds	0	0	0	0
72 Private Purpose Trust Fund	4,670	0	4,670	0
73 Agency Fund	0	0	0	0
74 Pupil Activity Agency Fund	0	0	0	0
79 GASB 34:Permanent Fund	0	0	0	0
85 Foundations	0	0	0	0
Totals	4,670	0	4,670	0

FINAL

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