

**DOLORES COUNTY (DOVE CREEK)
SCHOOL DISTRICT RE-2J**

Independent Accountants' Reports
and
Basic Financial Statements
June 30, 2024

DOLORES COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J

TABLE OF CONTENTS

June 30, 2024

Independent Auditors' Report	1-3
Management's Discussion and Analysis	4-15
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Position	16
Statement of Activities	17
Fund Financial Statements	
Balance Sheet Governmental Funds and the Reconciliation of the Governmental Funds Balance Sheet with the Statement of Net Position	18
Statement of Revenues, Expenditures and Changes in Fund Balance Governmental Funds	19
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds to the Statement of Activities	20
Major Funds	
Schedule of Revenues, Expenditures and Changes in Fund Balances Budget and Actual	
General Fund	21-24
Food Service Fund	25
Student Activity Fund	26
Statement of Net Position Proprietary Fund	27
Statement of Revenues, Expenses, and Changes in Net Position Proprietary Fund	28
Statement of Cash Flows Proprietary Fund	29
Notes to the Financial Statements	30-63
Required Supplemental Information	64
Schedule of the District's Pension Contributions	65
Schedule of the District's Proportionate Share of the Net Pension Liability	66
Schedule of the District's Other Post Employment Benefits (OPEB) Plan Contributions	67
Schedule of the District's Proportionate Share of the Net Other Post Employment (OPEB) Plan Liability	68
Supplementary Information	69
Schedule of Revenues, Expenditures and Changes in Fund Balances-Budget and Actual	
Debt Service Fund	
Bond Redemption Fund	70
Building Fund	71
Capital Reserve Capital Projects Fund	72
Schedule of Revenues, Expenses and Changes in Net Position-Budget and Actual-Proprietary Fund Type Enterprise Fund	
Teacherage Fund	73
Colorado Department of Education Auditors' Integrity Report	74
Other Information	75
District's Required Annual Financial Disclosure Undertaking in the Connection of the Issuance of it's General Obligation Bonds, Series 2023	76-78

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INDEPENDENT AUDITORS' REPORT

To the Board of Education
Dolores County (Dove Creek) School District RE-2J
Dove Creek, Colorado 81324

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Dolores County (Dove Creek) School District RE-2J, Colorado as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Dolores County (Dove Creek) School District RE-2J, Colorado as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General Fund, Food Service Fund and Student Activity Fund for the year then ended in accordance with accounting principles generally accepted in the United State of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Dolores County (Dove Creek) School District RE-2J, Colorado and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Dolores County (Dove Creek) School District RE-2J, Colorado'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 generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Dolores County (Dove Creek) School District RE-2J, Colorado'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 Dolores County (Dove Creek) School District RE-2J, Colorado'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, Schedule of the District's Pension Contributions, Schedule of the District's Proportionate Share of the Net Pension Liability, Schedule of the District's Other Post-Employment Benefits (OPEB) Plan Contributions, and Schedule of the District's Proportionate Share of the Net Other Post Benefits (OPEB) Plan Liability, as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic

financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Dolores County (Dove Creek) School District RE-2J, Colorado's basic financial statements. The budgetary comparison schedules and Colorado Department of Education Auditors' Integrity Report, as 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 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 budgetary comparison schedules and Colorado Department of Education Auditors' Integrity Report are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the District's Required Annual Financial Disclosures Undertaking in the Connection of the Issuance of its General Obligation Bonds, Series 2023, but does not include the basic financial statements and our auditors report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Majors and Haley P.C.

Majors and Haley PC
September 12, 2024

DOLORES COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) For the Year Ended June 30, 2024

MANGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of Dolores County (Dove Creek) School District RE-2J, Colorado's (District) financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2024. Please consider the information presented here in conjunction with additional information that can be found in the basic financial statements, as listed in the table of contents.

FINANCIAL HIGHLIGHTS

- The District's net position increased \$8,692,918 as result of this year's operations.
 - Net position of governmental activities increased \$8,687,012. This increase includes the result of the District's share of PERA pension and OPEB plan benefit which, in net, totaled \$(375,320); capital outlay in excess of depreciation of \$14,727,012 and principal debt payments \$385,000.
 - Net position of business-type activities, the Teacherage Fund, increased \$5,906 or 6.81%.
- The District's total revenue was \$15,782,147 which is an increase of \$7,357,115 from \$8,425,032 in the prior year.
 - General revenues (primarily state equalization and property tax) accounted for \$6,052,975 in revenue or 38.4% of all revenues. Program specific revenues in the form of charges for services and grants accounted for \$9,729,172 or the remaining 61.6%. The grants included a \$8,422,628 Best grant for the elementary school.
- The District incurred \$7,089,229 in expenses which is an increase of \$2,650,852 from \$4,438,377 in the prior year. \$(375,302) of the expense was due to how pension and OPEB plan expenses are presented. The District is in the process of building an elementary school that is a large part of the increase.
 - The general revenues were adequate by \$8,862,918 to cover \$(2,639,943) in expenditures that were not offset by program specific revenues.
- Among the major programs, the General Fund reported a \$413,587 increase in fund balance from \$4,125,140 in the prior year to \$4,538,727. This is a 10.03% increase.
 - The General Fund revenues increased \$680,169 from \$4,842,631 in the prior year to \$5,522,800 for a 14.1% increase.

DOLORES COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) For the Year Ended June 30, 2024

- The General Fund expenditures (including transfers) increased \$330,159 from \$4,779,054 in the prior year to \$5,109,213. This is 6.9% increase.
- The General Fund transfer to the Food Service Fund of \$52,000 was up from \$50,000 in the previous year.
- The General Fund transferred \$268,287 into the Capital Projects Fund. This is down from the \$418,926 in the previous year.
- The Student Activity transfer was \$40,000. This is down from the previous year transfer of \$41,400.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of a series of financial statements. Management's Discussion and Analysis is intended to serve as an introduction to the Districts basic financial statements. Comparison to the prior year's activity is provided in this document. The basic financial statements are comprised of three components.

- Government-wide financial statements.
- Fund financial statements.
- Notes to the basic financial statements.

This report also contains required supplementary and other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements

The Government-wide financial statements are designed to provide the reader of the District Annual Financial Report a broad overview of the financial activities in a manner similar to a private sector business. The government-wide financial statements include the Statement of Net Position and the Statement of Activities.

- The Statement of Net Position presents information about all of the District's assets, liabilities and deferred outflows and inflows of resources, with the difference reported as net position.
- The Statement of Activities presents information showing how the net position of the District changed during the current fiscal year. Changes in net position are recorded in the Statement of Activities when the underlying event occurs, regardless of the timing of related cash flow. Thus, all of the revenues and expenses are taken into account regardless of when cash is received or paid.

DOLORES COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) For the Year Ended June 30, 2024

The Government-wide financial statements are one way to measure the District's financial health, or financial position.

- Over time, increases or decreases in the District's net position are an indicator of whether its financial health is improving or deteriorating.
- To assess the District's overall health, you need to consider additional non-financial factors such as changes in the District's property base, student counts, and the condition of school facilities.

In the Government-wide financial statements, the District's activities are divided into two categories:

- **Governmental activities** – Most of the District's basic services are included here, such as instruction, students, food services, operations and maintenance, and administration. These activities are financed mainly through general revenues (state equalization and property tax).
- **Business-type activities**- The District charges fees to help cover the costs of certain services it provides. The District's Teacherage Fund is included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds, not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs. Some funds are required to be established by state law. However, the District establishes other funds to help it manage and control its finances to achieve certain results. The fund types presented here are governmental funds and proprietary funds. These two funds use different accounting approaches.

- **Governmental funds**- Most of the District's basic services are included in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using the modified accrual basis of 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 operations and the services it provides. Governmental fund information helps one determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or difference) between them.

DOLORES COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

For the Year Ended June 30, 2024

- **Proprietary funds-** Services for which the District charges a fee are generally reported in proprietary funds. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector. Proprietary funds are reported in the same way as the government-wide financial statements.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, net position was \$15,498,972 at the close of the most recent fiscal year.

Net investment in capital assets (e.g. land and improvements, buildings, and equipment net any related debt to acquire those assets that is still outstanding) represents \$8,881,921 of the net position. The District uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the District's investment in capital assets is reported net of related debt of \$9,960,000, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Property taxes are levied specifically to fund debt service on general obligation bonds.

An additional \$6,523,468 of the net position represents resources that are subject to external restrictions on how they may be used. \$200,000 of the restricted net position is an emergency reserve required by the Tabor amendment; \$32,542 for food services; \$195,085 for student activities; \$5,399,768 for capital improvements and \$696,073 is for the repayment of the general obligation bonds.

The remaining \$93,583 is unrestricted net position.

DOLORES COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J

**MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
For the Year Ended June 30, 2024**

The following table indicates a summary of the Statement of Net Position for Governmental Activities as of June 30, 2024 and 2023.

Table 1

Comparative Summary of Net Position
June 30, 2024 and 2023

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Assets						
Current assets	\$ 11,606,539	\$ 17,617,559	\$ 68,398	\$ 61,764	\$ 11,674,937	\$ 17,679,323
Capital assets, net of depreciation	18,817,438	4,090,426	24,483	25,511	18,841,921	4,115,937
Total Assets	30,423,977	21,707,985	92,881	87,275	30,516,858	21,795,260
Deferred Outflows of Resources	3,238,951	2,134,778			3,238,951	2,134,778
Liabilities						
Current liabilities	641,217	597,251	300	600	641,517	597,851
Noncurrent liabilities	16,315,677	15,473,940			16,315,677	15,473,940
Total Liabilities	16,956,894	16,071,191	300	600	16,957,194	16,071,791
Deferred Inflows of Resources	1,299,643	1,049,193			1,299,643	1,049,193
Net Position						
Net investment in capital assets	8,857,438	(6,254,574)	24,483	25,511	8,881,921	(6,229,063)
Restricted	6,523,468	12,938,216			6,523,468	12,938,216
Unrestricted	25,485	35,737	68,098	61,164	93,583	96,901
Net Position	\$ 15,406,391	\$ 6,719,379	\$ 92,581	\$ 86,675	\$ 15,498,972	\$ 6,806,054

At the close of the most recent fiscal year current assets comprised 38.3% of total assets, decreasing from 81.1% in the prior year. Investments in capital assets, less depreciation make up the remaining 61.7% of assets. Accrued wages and benefits represent 88.6% of the total current liabilities. Accrued wages and benefits \$568,217 occur when teachers and certain other District employee's work nine or ten months of the year but are paid over a full twelve months. Current liabilities increased \$43,666 from \$597,851 to \$641,517. There was a net increase in noncurrent liabilities from the prior year of \$841,737. The net increase was the result of the bond payment of \$(385,000); the net pension liability increase of \$1,242,446; net decrease of \$(18,673) net OPEB plan liability and a \$2,964 increase in accrued sick leave. Deferred outflows of resources increased \$1,104,173 and deferred inflows of resources increased \$250,450.

DOLORES COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J

**MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
For the Year Ended June 30, 2024**

The following table indicates the Summary of Net Position for Governmental and Business-type activities in for the year ending June 30, 2024 and 2023.

Table 2

Comparative Summary of Changes in Net Position
For the Year Ending June 30, 2024 and 2023

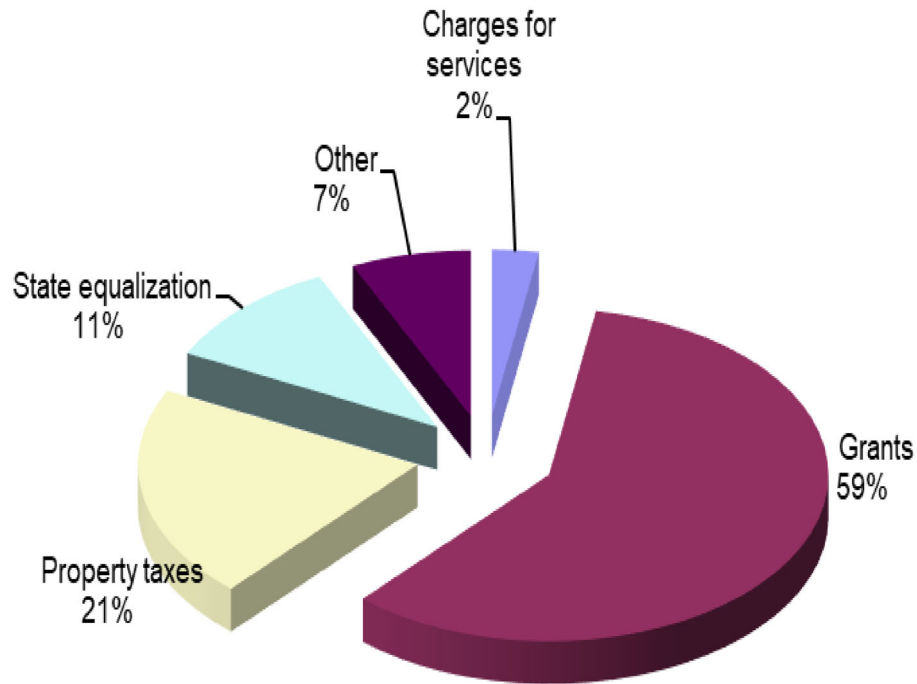
	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Revenues						
Program revenues						
Charges for services	\$ 424,394	\$ 446,929	\$ 20,576	\$ 30,827	\$ 444,970	\$ 477,756
Operating grants	861,574	838,318			861,574	838,318
Capital grants	8,422,628	530,454			8,422,628	530,454
General revenues						
Current property tax	3,267,104	2,836,543			3,267,104	2,836,543
State equalization	1,687,215	1,737,835			1,687,215	1,737,835
Other	1,096,695	2,002,780	1,961	1,346	1,098,656	2,004,126
Total Revenues	15,759,610	8,392,859	22,537	32,173	15,782,147	8,425,032
Expenses						
Instructional	3,080,536	1,931,150			3,080,536	1,931,150
Students	142,992	53,887			142,992	53,887
Education library	98,873	77,379			98,873	77,379
General administration	302,093	189,705			302,093	189,705
School administration	455,594	256,578			455,594	256,578
Business services	136,999	88,740			136,999	88,740
Operations and main	482,378	451,030			482,378	451,030
Student transportation	325,126	316,714			325,126	316,714
Central support	198,438	163,594			198,438	163,594
Food service operations	192,564	123,955			192,564	123,955
Facilities	940,843	411,561			940,843	411,561
Other	85,060	36,707			85,060	36,707
Teacherage operations			16,631	15,407	16,631	15,407
Interest on long-term debt	507,625	182,474			507,625	182,474
Unallocated depreciation	123,477	139,496			123,477	139,496
Total Expenses	7,072,598	4,422,970	16,631	15,407	7,089,229	4,438,377
Change in Net Position	8,687,012	3,969,889	5,906	16,766	8,692,918	3,986,655
Net Position - Beginning	6,719,379	2,749,490	86,675	69,909	6,806,054	2,819,399
Net Position - Ending	\$ 15,406,391	\$ 6,719,379	\$ 92,581	\$ 86,675	\$ 15,498,972	\$ 6,806,054

DOLORES COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J

**MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
For the Year Ended June 30, 2024**

State equalization and property taxes accounted for 32 percent of the District's total revenue for the most recent fiscal year, with each contributing 11 percent and 21 percent respectively (See Table 3). Another 59 percent came from state and federal grants and the remainder 9 percent from charges for services and miscellaneous sources.

***Table 3
Sources of Revenue for Fiscal Year 2024***

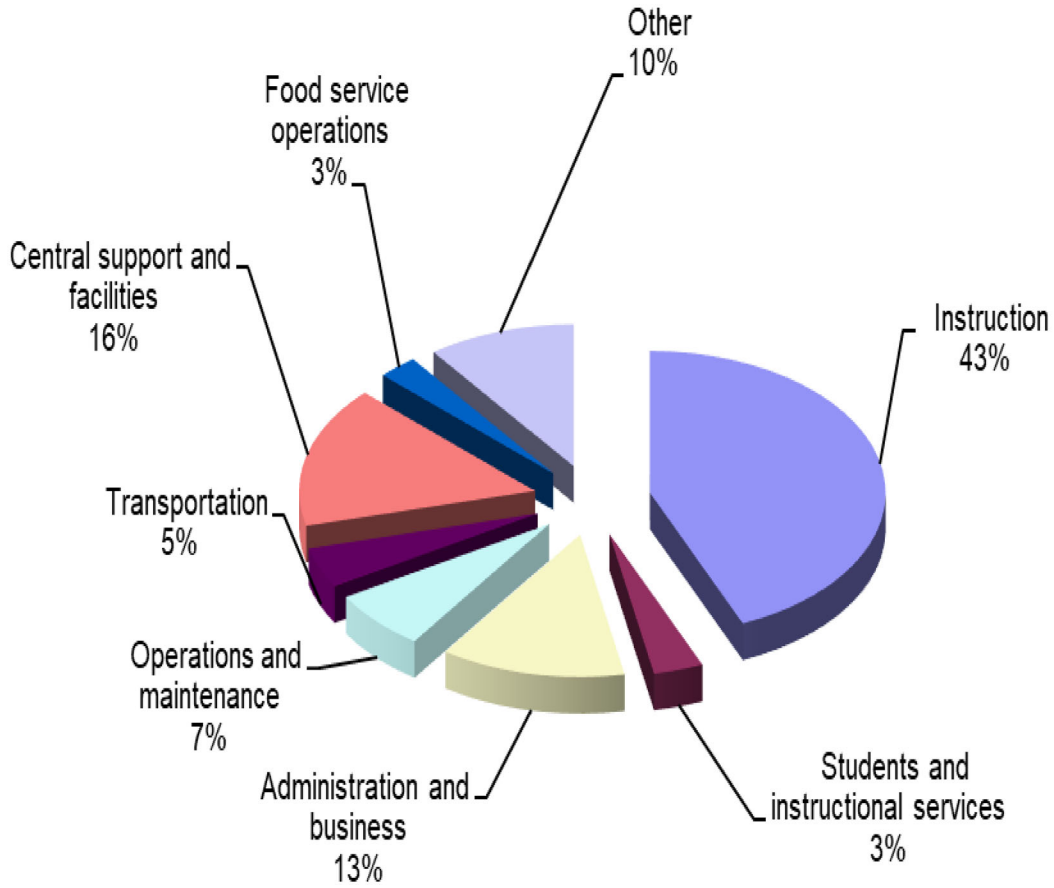


DOLORES COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J

**MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
For the Year Ended June 30, 2024**

The District's expenses for the most recent fiscal year are predominately related to students and instructional services and instruction, which total 46 percent of all expenses (See Table 4). The District's administrative and business activities accounted for an additional 13 percent of total costs.

**Table 4
Expenses for Fiscal Year 2024**



DOLORES COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J

MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)

For the Year Ended June 30, 2024

Governmental Activities

The primary source of operating revenue for school districts comes from the School Finance Act of 1994 (SFA) which is based on a funded pupil count formula and a standardized maximum statewide property tax mill levy. Under the SFA the District received \$16,490.20 per funded student. This is \$2,256.97 more than the previous year of \$14,233.23. In fiscal year 2024 the funded pupil count was 240.2 (252.0, 224.5, and 228.0 and in previous three years). Funding for the SFA comes from property taxes, specific ownership taxes and state equalization. The District received 43.34 percent of this funding from state equalization while the remaining amounts come from property and specific ownership taxes.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those service costs. Table 5 shows, for governmental activities, the total cost of services and net cost of services. That is, it identifies the cost of these services supported by unrestricted state equalization and property taxes.

Table 5
Statement of Activities for Fiscal Year 2024 and 2023

	Governmental Activities			
	Total Cost of Services		Net Cost of Services	
	2024	2023	2024	2023
Instruction	\$ 3,080,536	\$ 1,931,150	\$ 2,143,231	\$ 1,300,163
Students and instructional services	241,865	131,266	201,439	102,955
Administration and business	894,686	535,023	837,925	477,900
Operations and maintenance	482,378	451,030	447,825	410,382
Transportation	325,126	316,714	255,690	(16,194)
Central support and facilities	1,139,281	575,155	(7,295,522)	(26,718)
Food service operations	192,564	123,955	57,252	10,370
Interest on long-term debt	507,625	182,474	507,625	182,474
Unallocated depreciation	123,477	139,496	123,477	139,496
Other	85,060	36,707	85,060	26,441
Total	\$ 7,072,598	\$ 4,422,970	\$ (2,635,998)	\$ 2,607,269

DOLORES COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) For the Year Ended June 30, 2024

The cost of all governmental activities during the year was \$7,072,598.

- \$424,394 of the cost was financed by the users of the District's programs.
- Federal and state government subsidized certain programs with \$9,284,202 of grants.
- However, \$6,051,014 of the District's costs was financed by State and District taxpayers. This portion of governmental activities was financed with general revenues that consisted primarily of \$1,687,215 state equalization from the School Finance Act of 1994 (SFA) and \$3,452,819 in property and specific ownership taxes. The remaining \$910,980 was from Public school lands, Mineral lease monies, earnings on investments and other sources.

Business-type Activities

Business-type activities are made up of the Teacherage Fund. This fund had revenues of \$22,537 and expenses of \$16,631. Business-type activities receive no support from tax revenue.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District's governmental funds include the General Fund, Food Service Fund, Student Activity Fund, Bond Redemption Fund, Building Fund and Capital Reserve Capital Projects Fund. These funds are accounted for using the modified accrual basis of accounting. All governmental funds have total revenues of \$15,757,265 and expenditures of \$21,803,981 (included the capital outlay associated with the new elementary school).

General Fund Budgetary Highlights

The District's budget process is consistent with current Colorado statutes that require a proposed budget be presented to the Board of Directors by June 1, with budget adoption by June 30. The law provides for school boards to adjust revenues and expenditures through January 31st of each year. The most significant budgeted fund is the General Fund.

Over the course of the year, the District did not revise the annual operating budget by making an increase in appropriations.

- Actual expenditures were \$4,099,975 below budget of which \$3,941,000 is appropriated reserves.

DOLORES COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J

**MANAGEMENT’S DISCUSSION AND ANALYSIS
(UNAUDITED)
For the Year Ended June 30, 2024**

CAPITAL ASSET ADMINISTRATION

By the end of fiscal year 2024, the District has invested \$22,775,419 in buildings and equipment (including vehicles), of this total \$22,659,210 was from governmental activities.

**Table 6
Capital Assets
June 30, 2024 and 2023**

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Buildings	\$ 21,453,152	\$ 7,338,424	\$ 116,209	\$ 116,209	\$ 21,569,361	\$ 7,454,633
Equipment	1,206,058	1,029,792			1,206,058	1,029,792
Total	<u>\$ 22,659,210</u>	<u>\$ 8,368,216</u>	<u>\$ 116,209</u>	<u>\$ 116,209</u>	<u>\$ 22,775,419</u>	<u>\$ 8,484,425</u>

Additional information on the District’s capital assets can be found in Note 3 of the notes to the financial statements of this report as listed in the table of contents.

LONG-TERM DEBT

Proceed from the sale of bonds together with proceeds from a BEST Grant was approved by voters of the District at an election November 8, 2022. The Bonds are general obligations of the District and are secured by the District’s full faith and credit. All taxable property within the boundaries of the District is subject to ad valorem taxation without limitation as to rate or amount to pay the principal of and interest on the Bonds when due. The Bonds are payable in semi-annual installments and bear interest at 5%. The repayment of the Bonds is accounted for in the Debt Service Fund. The District has adopted GASB 87 for leases. The District does not have any leases that meet the materiality threshold of capitalization maintained by the District.

DOLORES COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J

**MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
For the Year Ended June 30, 2024**

**Table 7
Long-Term Debt
June 30, 2024 and 2023**

<u>Description</u>	Balance		<u>Deletions</u>	Balance
	<u>July 1, 2023</u>	<u>Additions</u>		<u>June 30, 2024</u>
General Obligation Bonds	\$ 10,345,000		\$ (385,000)	\$ 9,960,000
Accrued compensated absences	61,186	\$ 2,964		64,150
Total	<u>\$ 10,406,186</u>	<u>\$ 2,964</u>	<u>\$ (385,000)</u>	<u>\$ 10,024,150</u>

Additional information on long-term debt can be found in Note 5 of the notes to the financial statements of this report as listed in the table on contents.

FACTORS BEARING ON THE DISTRICT'S FUTURE

At the time these financial statements were prepared and audited, the District is not aware of any existing circumstances that could significantly affect its financial health in the future.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, parents, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business Office, Dolores County (Dove Creek) School District RE-2J, P.O. Box 459, Dove Creek, Colorado 81324.

DOLORES COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J

STATEMENT OF NET POSITION

June 30, 2024

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and investments	\$ 11,412,924	\$ 68,398	\$ 11,481,322
Cash with fiscal agent	40,500		40,500
Property tax receivable	148,870		148,870
Inventories	4,245		4,245
Capital assets net of accumulated depreciation	18,817,438	24,483	18,841,921
Total Assets	30,423,977	92,881	30,516,858
Deferred Outflows of Resources			
Pensions, net of accumulated amortization	3,210,634		3,210,634
OPEB plan, net of accumulated amortization	28,317		28,317
Total Deferred Outflows of Resources	3,238,951		3,238,951
Liabilities			
Accounts payable	8,438		8,438
Wages and related benefits payable	568,217		568,217
Prepaid student lunch	1,155		1,155
Deposits payable		300	300
Unearned grant revenue	63,407		63,407
Non-current liabilities			
Due within one year	814,875		814,875
Due in more than one year	9,209,275		9,209,275
Net pension liability	6,143,193		6,143,193
Net OPEB plan liability	148,334		148,334
Total Liabilities	16,956,894	300	16,957,194
Deferred Inflows of Resources			
Unearned revenue - property taxes	98,882		98,882
Pensions, net of accumulated amortization	1,145,259		1,145,259
OPEB plan, net of accumulated amortization	55,502		55,502
Total Deferred Inflows of Resources	1,299,643		1,299,643
Net Position			
Net investment in capital assets	8,857,438	24,483	8,881,921
Restricted			
TABOR	200,000		200,000
Food Service	32,542		32,542
Student Activities	195,085		195,085
Debt Service	696,073		696,073
Capital Improvements	5,399,768		5,399,768
Unrestricted	25,485	68,098	93,583
Total Net Position	\$ 15,406,391	\$ 92,581	\$ 15,498,972

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

DOLORES COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2024

	Expenses	Program Revenues			Net (Expenses) Revenue And Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- Type Activities	Total
Governmental Activities							
Instructional Program Services	\$ 3,080,536	\$ 418,924	\$ 518,381		\$ (2,143,231)		\$ (2,143,231)
Support Program Services							
Students	142,992		29,069		(113,923)		(113,923)
Educational library	98,873		11,357		(87,516)		(87,516)
General administration	302,093		18,823		(283,270)		(283,270)
School administration	455,594		29,007		(426,587)		(426,587)
Business	136,999		8,931		(128,068)		(128,068)
Operation and maintenance	482,378		34,553		(447,825)		(447,825)
Student transportation	325,126		69,436		(255,690)		(255,690)
Central support	198,438		10,175		(188,263)		(188,263)
Food service operations	192,564	3,470	131,842		(57,252)		(57,252)
Faculties acquisition and construction	940,843	2,000		\$ 8,422,628	7,483,785		7,483,785
Other	85,060				(85,060)		(85,060)
Interest on long-term debt	507,625				(507,625)		(507,625)
Depreciation excluding amounts directly allocated to programs	123,477				(123,477)		(123,477)
Total Governmental Activities	7,072,598	424,394	861,574	8,422,628	2,635,998		2,635,998
Business-Type Activities							
Teacherage operations	16,631	20,576				\$ 3,945	3,945
Total Business-Type Activities	16,631	20,576				3,945	3,945
Total School District	\$ 7,089,229	\$ 444,970	\$ 861,574	\$ 8,422,628	2,635,998	3,945	2,639,943
General Revenues							
Current property tax for general purposes					2,415,977		2,415,977
Specific ownership tax for general purposes					154,108		154,108
Delinquent taxes and interest on taxes for general purposes					4,897		4,897
Current property tax for debt payment					851,127		851,127
Specific ownership tax for debt payment					25,136		25,136
Delinquent taxes and interest on taxes for debt payment					1,574		1,574
Intergovernmental							
State Equalization - Net					1,687,215		1,687,215
Public school lands					171,038		171,038
Mineral Lease					31,496		31,496
Earnings on investments					708,446	1,961	710,407
Total General Revenues					6,051,014	1,961	6,052,975
Changes in Net Position					8,687,012	5,906	8,692,918
Net Position Beginning of the Year					6,719,379	86,675	6,806,054
Net Position End of the Year					\$ 15,406,391	\$ 92,581	\$ 15,498,972

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

DOLORES COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2024

	General Fund	Food Service Fund	Student Activity Fund	Bond Redemption Fund	Building Fund	Capital Reserve Capital Projects Fund	Total Governmental Funds
Assets							
Cash on hand and in banks	\$ 5,121,154	\$ 48,923	\$ 195,085	\$ 647,994	\$ 4,594,946	\$ 804,822	\$ 11,412,924
Cash with fiscal agent	5,480			35,020			40,500
Property tax receivable	110,405			38,465			148,870
Grants accounts receivable							-
Other receivable							-
Inventory		4,245					4,245
Total Assets	\$ 5,237,039	\$ 53,168	\$ 195,085	\$ 721,479	\$ 4,594,946	\$ 804,822	\$ 11,606,539
Liabilities, Deferred Inflows of Resources and Fund Balances							
Liabilities							
Accounts payable	\$ 8,438						\$ 8,438
Wages and related benefits payable	552,991	\$ 15,226					568,217
Prepaid student lunch		1,155					1,155
Unearned grant revenue	63,407						63,407
Total Liabilities	624,836	16,381					641,217
Deferred inflows of resources							
Unearned revenue - property tax	73,476			\$ 25,406			98,882
Fund balances							
Nonspendable - inventory		4,245					4,245
Restricted							
TABOR	200,000						200,000
Food Service		32,542					32,542
Student Activities			\$ 195,085				195,085
Debt Service				696,073			696,073
Capital Improvements					\$ 4,594,946	\$ 804,822	5,399,768
Assigned for FY25 expenditures	4,338,727						4,338,727
Total Fund Balances	4,538,727	36,787	195,085	696,073	4,594,946	804,822	10,866,440
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 5,237,039	\$ 53,168	\$ 195,085	\$ 721,479	\$ 4,594,946	\$ 804,822	\$ 11,606,539

Reconciliation of the Governmental Funds Balance Sheet with the Statement of Net Position

Total Fund Balance Governmental Funds \$ 10,866,440

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.

Capital assets	\$ 22,659,210	
Accumulated depreciation	(3,841,772)	
		<u>18,817,438</u>

Long-term liabilities and related items, including net pension liability, deferred outflows of resources and deferred inflows of resources, are not due and payable in the current year, and, therefore, are not reported in the governmental funds.

Due within one year	(814,875)	
Due in more than one year	(9,209,275)	
Net pension obligation	(6,143,193)	
Deferred outflows of resources related to pensions - net	3,210,634	
Deferred inflows of resources related to pensions - net	(1,145,259)	
Net OPEB plan obligation	(148,334)	
Deferred outflows of resources related to OBEB plan obligation - net	28,317	
Deferred inflows of resources related to OBEB plan obligation- net	(55,502)	
		<u>(14,277,487)</u>

Total Net Position Governmental Activities \$ 15,406,391

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

DOLORES COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2024

	General Fund	Food Service Fund	Student Activity Fund	Bond Redemption Fund	Building Fund	Capital Reserve Capital Projects Fund	Total Governmental Funds
Revenues							
Current property taxes	\$ 2,415,977			\$ 851,127			\$ 3,267,104
Specific ownership taxes	154,108			25,136			179,244
Delinquent taxes and interest on taxes	4,897			1,574			6,471
State Equalization	1,687,215						1,687,215
State sources	383,255	\$ 35,023			\$ 8,422,628		8,840,906
Federal sources	453,095	96,741		3,475			553,311
Other	424,253	3,470	\$ 275,402	24,842	460,691	\$ 34,356	1,223,014
Total Revenues	5,522,800	135,234	275,402	906,154	8,883,319	34,356	15,757,265
Expenditures							
Instructional program services	2,576,033		292,882				2,868,915
Support program services							
Students	128,643						128,643
Educational Library	91,587						91,587
General administration	278,705						278,705
School administration	415,653						415,653
Business	125,231						125,231
Operations and maintenance	511,217						511,217
Student transportation	347,981						347,981
Central support	191,780						191,780
Food service operations		180,075					180,075
Facilities acquisition and construction					15,513,207	176,266	15,689,473
Other	82,096						82,096
Debt service							
Principal				385,000			385,000
Interest				507,625			507,625
Total Expenditures	4,748,926	180,075	292,882	892,625	15,513,207	176,266	21,803,981
Other Financing Sources (Uses)							
Transfers in (out)	(360,287)	52,000	40,000			268,287	-
Total Other Financing Sources (Uses)	(360,287)	52,000	40,000			268,287	-
Excess revenue and other sources over (under) expenditures and other uses	413,587	7,159	22,520	13,529	(6,629,888)	126,377	(6,046,716)
Fund Balance, Beginning	4,125,140	29,628	172,565	682,544	11,224,834	678,445	16,913,156
Fund Balance, Ending	\$ 4,538,727	\$ 36,787	\$ 195,085	\$ 696,073	\$ 4,594,946	\$ 804,822	\$ 10,866,440

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

DOLORES COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J

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

Net Change in Fund Balances Governmental Funds \$ (6,046,716)

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

Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.

Capital outlay	\$ 15,258,956	
Depreciation expense	(197,884)	
Loss on disposal of assets	(334,060)	
		14,727,012

Governmental funds report debt issuance proceeds as an other financing source, while repayment of debt principal is reported as an expenditure. The net effect of these differences in the treatment of long-term debt is as follows:

Principal payment of long-term debt	385,000	
		385,000

Governmental funds expenditures related to pension and OPEB obligations are measured by the amount of financial resources used (essentially, the amounts actually paid to the pension plan), whereas in the Statement of Activities, they are measured on the full accrual basis. This amount represents the change in net pension liability, pension and OPEB related deferred outflows and inflows of resources.

District pension contributions	489,159	
Cost of pension benefits earned net of employee contributions	(892,677)	
Support from the State of Colorado	(2,346)	
District OPEB contributions	24,482	
Cost of OPEB benefits earned net of employee contributions	6,062	
		(375,320)

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 government funds.

(Increase) Decrease in accrued sick leave		(2,964)
-------------------------------------------	--	---------

Change in Net Position of Governmental Activities \$ 8,687,012

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

DOLORES COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL

GENERAL FUND

For the Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
Revenues from Local Sources				
Current property taxes	\$ 2,456,011	\$ 2,169,355	\$ 2,415,977	\$ 246,622
Specific ownership taxes	112,590	112,590	154,108	41,518
Delinquent taxes and interest on taxes	8,000	8,000	4,897	(3,103)
Earnings on investments	150,000	70,000	188,557	118,557
Other	230,549	198,523	235,696	37,173
Total Revenues from Local Sources	2,957,150	2,558,468	2,999,235	440,767
Revenues from State Sources				
State grants from CDE				
State equalization	1,686,839	1,867,441	1,687,215	(180,226)
Transportation	62,272	49,076	68,726	19,650
Colorado library	4,500	4,500	4,500	-
Small rural schools	98,137	87,461	98,137	10,676
Additional at risk	1,300	1,300	1,687	387
Colorado read act	8,597	6,200	8,597	2,397
State on behalf of PERA	117,209	45,527	9,895	(35,632)
Other	1,331		1,331	1,331
State grants flow through SJBOCES				
Special education	10,728		10,728	10,728
Gifted and talented	6,432	6,400	6,100	(300)
SWAP	46,336	28,700	46,336	17,636
Other state grants				
Vocational education	19,913	17,462	19,913	2,451
Universal preschool	95,000	73,050	107,305	34,255
Total Revenues from State Sources	2,158,594	2,187,117	2,070,470	(116,647)
Revenues from Federal Sources				
Federal grants from CDE				
Title I, Part A	72,920	73,443	72,920	(523)
Title II, Part A Teacher Improvement	13,235	13,188	13,235	47
Title IV, Part A Student Support	10,000	10,000	10,000	-
ESSER III	122,166	122,166	122,166	-
Other	120,653		1,454	1,454
Other federal grants				
Title VI, Part B REAP - Summer School	24,765	18,769	24,765	5,996
Federal grants flow through SJBOCES				
Perkins Grant	6,736	6,750	6,420	(330)
MTSS Grant			3,076	3,076
Mineral lease	31,496	25,000	31,496	6,496
Public school lands	130,000	120,000	167,563	47,563
Total Revenues from Federal Sources	531,971	389,316	453,095	63,779
Total Revenues	5,647,715	5,134,901	5,522,800	387,899

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

DOLORES COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL

GENERAL FUND

For the Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
Expenditures				
Instructional Programs				
Salaries	\$ 1,559,358	\$ 1,522,126	\$ 1,536,308	\$ (14,182)
Employee benefits	765,792	708,806	625,254	83,552
Purchased services				
Professional and technical	72,700	33,700	37,561	(3,861)
Property	20,000	20,000	19,582	418
Other	157,393	137,957	169,481	(31,524)
Supplies	202,360	142,153	125,417	16,736
Property	71,045	68,519	58,451	10,068
Other	5,409	5,100	3,979	1,121
Total Instructional Programs	<u>2,854,057</u>	<u>2,638,361</u>	<u>2,576,033</u>	<u>62,328</u>
Support Services				
Students				
Salaries	84,838	84,838	83,881	957
Employee benefits	48,862	45,021	42,394	2,627
Purchased services				
Professional and technical	25,000			-
Supplies	22,700	2,000	2,368	(368)
Property	38,000			-
Other	500	500		500
Total Students	<u>219,900</u>	<u>132,359</u>	<u>128,643</u>	<u>3,716</u>
Education Library Services				
Salaries	44,632	43,132	43,285	(153)
Employee benefits	25,054	22,937	21,526	1,411
Purchased services				
Professional and technical	8,020	8,850	6,764	2,086
Other	300		257	(257)
Supplies	29,858	29,215	19,755	9,460
Total Education Library Services	<u>107,864</u>	<u>104,134</u>	<u>91,587</u>	<u>12,547</u>
General Administration				
Salaries	124,857	124,982	123,589	1,393
Employee benefits	81,140	72,714	69,105	3,609
Purchased services				
Professional and technical	108,840	76,200	63,598	12,602
Property	5,000	5,000	2,087	2,913
Other	11,000	9,500	3,949	5,551
Supplies	9,500	3,000	7,731	(4,731)
Property	1,000	1,000		1,000
Other	8,800	8,500	8,646	(146)
Total General Administration	<u>350,137</u>	<u>300,896</u>	<u>278,705</u>	<u>22,191</u>

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

DOLORES COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL

GENERAL FUND

For the Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
School Administration				
Salaries	\$ 265,181	\$ 264,858	\$ 259,225	\$ 5,633
Employee benefits	136,236	123,352	118,009	5,343
Purchased services				
Other			68	(68)
Supplies	14,878	14,695	7,461	7,234
Other	15,192	15,656	30,890	(15,234)
Total School Administration	431,487	418,561	415,653	2,908
Business Services				
Salaries	76,397	76,511	77,388	(877)
Employee benefits	39,979	36,223	34,770	1,453
Purchased services				
Professional and technical	100	85	45	40
Other	4,950	4,950	1,677	3,273
Supplies	13,000	13,000	11,351	1,649
Property	1,000	1,000		1,000
Other	500	500		500
Total Business Services	135,926	132,269	125,231	7,038
Operations and Maintenance				
Salaries	212,226	215,544	177,440	38,104
Employee benefits	112,320	111,484	85,846	25,638
Purchased services				
Property	60,651	59,000	78,458	(19,458)
Other	37,500	37,500	29,560	7,940
Supplies	168,500	168,500	135,537	32,963
Property	5,000	5,000	4,376	624
Total Operations and Maintenance	596,197	597,028	511,217	85,811
Student Transportation				
Salaries	193,940	190,489	195,686	(5,197)
Employee benefits	71,148	64,118	62,371	1,747
Purchased services				
Professional and technical	2,000	1,800	1,433	367
Property	3,600	3,300	3,219	81
Other	4,000	6,500	3,394	3,106
Supplies	89,000	89,000	78,679	10,321
Property	3,000	3,000	3,199	(199)
Total Student Transportation	366,688	358,207	347,981	10,226

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

DOLORES COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL

GENERAL FUND

For the Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
Central Support				
Salaries	\$ 47,043	\$ 41,774	\$ 38,915	\$ 2,859
Employee benefits	25,294	21,848	19,671	2,177
Purchased services				
Professional and technical	2,800	2,800	2,116	684
Property	1,500	1,500	283	1,217
Other	121,166	121,166	111,979	9,187
Supplies	21,800	19,800	18,185	1,615
Property	26,000	5,000	631	4,369
Total Central Support	<u>245,603</u>	<u>213,888</u>	<u>191,780</u>	<u>22,108</u>
Other Support Services				
Salaries	21,500	12,000	80,763	(68,763)
Employee benefits	355	198	1,333	(1,135)
Other Support Services	<u>21,855</u>	<u>12,198</u>	<u>82,096</u>	<u>(69,898)</u>
Appropriated reserves	4,125,141	3,941,000		3,941,000
Total Expenditures	<u>9,454,855</u>	<u>8,848,901</u>	<u>4,748,926</u>	<u>4,099,975</u>
Excess revenue over (under) expenditures	<u>(3,807,140)</u>	<u>(3,714,000)</u>	<u>773,874</u>	<u>4,487,874</u>
Other Financing Sources (Uses)				
Transfers out - Food Service Fund	(54,000)	(87,000)	(52,000)	35,000
Transfers out - Student Activity Fund	(40,000)	(40,000)	(40,000)	-
Transfers out - Capital Projects Fund	(224,000)	(100,000)	(268,287)	(168,287)
Other Financing Sources (Uses)	<u>(318,000)</u>	<u>(227,000)</u>	<u>(360,287)</u>	<u>(133,287)</u>
Net Change in Fund Balance	(4,125,140)	(3,941,000)	413,587	4,354,587
Fund Balance, Beginning	4,125,140	3,941,000	4,125,140	184,140
Fund Balance, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,538,727</u>	<u>\$ 4,538,727</u>

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

DOLORES COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J

SCHEDULE OF REVENUES, EXPENSES AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 SPECIAL REVENUE FUND
 FOOD SERVICE FUND
For the Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
Revenues from Local Sources				
Charges for services	\$ 1,718	\$ 1,718	\$ 3,470	\$ 1,752
Total Revenues from Local Sources	<u>1,718</u>	<u>1,718</u>	<u>3,470</u>	<u>1,752</u>
Revenues from State Sources				
State grants from CDE	40,933	40,933	35,023	(5,910)
Total Revenues from State Sources	<u>40,933</u>	<u>40,933</u>	<u>35,023</u>	<u>(5,910)</u>
Revenues from Federal Sources				
National School Lunch Program	73,600	73,600	58,138	(15,462)
National School Breakfast Program	30,400	30,400	23,534	(6,866)
Supple Chain Assistance	10,162	10,162	10,162	-
Commodities	2,700	2,700	4,907	2,207
Total Revenues from Federal Sources	<u>116,862</u>	<u>116,862</u>	<u>96,741</u>	<u>(20,121)</u>
Total Revenues	<u>159,513</u>	<u>159,513</u>	<u>135,234</u>	<u>(24,279)</u>
Expenditures				
Food services				
Salaries	75,961	64,961	59,736	5,225
Employee benefits	45,082	39,174	36,900	2,274
Purchased services				
Professional	4,775	4,775	4,575	200
Property	400	400	346	54
Other			1,106	(1,106)
Supplies	86,095	69,295	76,282	(6,987)
Property	1,000	1,000	964	36
Other	200		166	(166)
Appropriated reserves	31,279	31,279		31,279
Total Expenditures	<u>244,792</u>	<u>210,884</u>	<u>180,075</u>	<u>30,809</u>
Excess revenue over (under) expenditures	(85,279)	(51,371)	(44,841)	6,530
Other Financing Sources (Uses)				
Transfers in (out)	54,000	54,000	52,000	(2,000)
Excess of revenues and other sources over (under) expenditures and other uses	(31,279)	2,629	7,159	4,530
Fund Balance, Beginning	31,279	31,279	29,628	(1,651)
Fund Balance, Ending	<u>\$ -</u>	<u>\$ 33,908</u>	<u>\$ 36,787</u>	<u>\$ 2,879</u>

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

DOLORES COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J

SCHEDULE OF REVENUES, EXPENSES AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 SPECIAL REVENUE FUND
 STUDENT ACTIVITY FUND
For the Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variance
	Original	Budget		(Unfavorable)
Revenues				
Student activities	\$ 200,000	\$ 200,000	\$ 275,402	\$ 75,402
Total Revenues	<u>200,000</u>	<u>200,000</u>	<u>275,402</u>	<u>75,402</u>
Expenditures				
Instruction				
Purchased services				
Other	125,000	125,000	154,859	(29,859)
Supplies	95,000	95,000	138,023	(43,023)
Property	20,000	20,000		20,000
Appropriated reserves	185,372	185,372		185,372
Total Expenditures	<u>425,372</u>	<u>425,372</u>	<u>292,882</u>	<u>132,490</u>
Excess revenue over (under) expenditures	(225,372)	(225,372)	(17,480)	207,892
Other Financing Sources (Uses)				
Transfers in (out)	40,000	40,000	40,000	-
Excess of revenues and other sources over (under) expenditures and other uses	(185,372)	(185,372)	22,520	207,892
Fund Balance, Beginning	185,372	185,372	172,565	(12,807)
Fund Balance, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 195,085</u>	<u>\$ 195,085</u>

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

DOLORES COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J

STATEMENT OF NET POSITION
PROPRIETARY FUND TYPE - ENTERPRISE FUND
June 30, 2024

	<u>Business-type Activities Teacherage Fund</u>
Assets	
Current Assets	
Cash in banks	\$ 68,398
Total Current Assets	<u>68,398</u>
Noncurrent Assets	
Buildings	116,209
Accumulated depreciation	(91,726)
Total Noncurrent Assets	<u>24,483</u>
Total Assets	<u>92,881</u>
Liabilities	
Current Liabilities	
Deposits payable	300
Total Current Liabilities	<u>300</u>
Net Position	
Net investment in capital assets	24,483
Unrestricted	68,098
Total Net Position	<u>\$ 92,581</u>

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

DOLORES COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 PROPRIETARY FUND TYPE - ENTERPRISE FUND
For the Year Ended June 30, 2024

	Business-type Activities
	<u>Teachorage Fund</u>
Operating Revenues	
Rents	\$ 20,576
Total Operating Revenues	<u>20,576</u>
Operating Expenses	
Purchased services	
Property	6,965
Supplies	8,638
Other	-
Depreciation	1,028
Total Operating Expenses	<u>16,631</u>
Operating income (loss)	<u>3,945</u>
Nonoperating Revenues (Expenses)	
Local sources	
Earnings on investments	1,961
Total Nonoperating Revenues (Expenses)	<u>1,961</u>
Income (loss) before operating transfers	<u>5,906</u>
Net Income (Loss)	5,906
Net Position, Beginning	86,675
Net Position, Ending	<u><u>\$ 92,581</u></u>

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

DOLORES COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J

STATEMENT OF CASH FLOWS
 PROPRIETARY FUND TYPE - ENTERPRISE FUND
For the Year Ended June 30, 2024

	<u>Business-type Activities Teacherage Fund</u>
Cash Flows from Operating Activities	
Cash received for and rents	\$ 20,576
Cash payments to suppliers for goods and services	(15,903)
Net Cash Provided (Used) by Operating Activities	<u>4,673</u>
Cash Flows From Investing Activities	
Earnings on investments	1,961
Net Cash Provided (Used) by Investing Activities	<u>1,961</u>
Net increase (decrease) in cash and cash equivalents equivalents	6,634
Cash and Cash Equivalents, Beginning	61,764
Cash and Cash Equivalents, Ending	<u>\$ 68,398</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (used) by Operating Activities	
Operating income (loss)	\$ 3,945
Adjustments to reconcile operating income (loss) to net cash provided by operating activities	
Depreciation	1,028
Deposit payable	(300)
Total adjustments	<u>728</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 4,673</u>

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

DOLORES COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2024

Note 1 - Summary of Significant Accounting Policies

The financial statements of Dolores County (Dove Creek) School District RE-2J (the District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements of Interpretations).

The following significant accounting policies were applied in the preparation of the accompanying financial statements.

The Financial Reporting Entity

The District is governed by the Board of Education ("Board") and is organized and operates in accordance with Colorado statutes. Board members are elected by the citizens of the District, not appointed by any other governing body. The Board selects the superintendent of schools. The Board is solely responsible for the District's budget adoption process. The District has the authority to levy taxes and issue debt. The District meets the criteria of a primary government; its' board is the publicly elected governing body; it is a legally separate entity; and it is fiscally independent. The District is not included in any other government reporting entity. In addition, there are no component units as defined the GASB Statements 14, 39 and 61, which are included in the District's reporting entity.

Government-wide and Fund Financial Statement Presentation

The government-wide financial statements (the Statement of Net Position and the Statement of Activities) display information on all the non-fiduciary activities of the primary government. The effect of Interfund activities has been removed from these statements. These statements distinguish between the governmental and business-type activities of the District. Governmental activities are supported by taxes and intergovernmental revenues. Business-type activities are financed, to a significant extent, by fees and charges.

The statement of activities demonstrates the degree to which direct expenses of a given function or segment, are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) fees and charges to customers or applicants 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. Revenues that are not classified as program revenues, including all taxes, are reported as general revenues.

DOLORES COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2024

The accounts of the District are organized based on funds, each of which is considered a separate accounting entity. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the later are excluded from the government-wide financial statements. Major individual funds represent the District's most important funds and are reported as separate columns in the fund financial statements. All remaining funds are aggregated and reported as non-major funds. The District has no fiduciary funds. The District considers all their funds important, due to the size of the District, and therefore has no non-major funds.

Measurement Focus and Basis of Accounting

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 the related cash flow. On an accrual basis, property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue in the fiscal year in which all eligibility requirements imposed by the provider have been met.

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

Governmental Funds are used to account for the District's general governmental activities. Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the period or soon enough thereafter to pay liabilities of the current fiscal period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt services expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due and payable. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds from long-term debt and capital leases are reported as other financing sources.

Those revenues subject to accrual are property taxes, charges for services and expended grants associated with the current fiscal period. All other revenue items are considered measurable and available only when cash is received by the government.

The accounts of the District are organized and operated based on funds. A fund is an independent fiscal accounting entity, with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds maintained by the District is consistent with legal and managerial requirements.

DOLORES COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2024

The District reports the following major governmental funds:

Major Governmental Funds

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. Major revenue sources include local property taxes, specific ownership taxes, and the Colorado Department of Education equalization funding, as determined by the School Finance Act of 1994, as amended. Expenditures include all costs associated with the daily operation of the schools, except for programs funded by certain capital outlay expenditures, food service expenditures, extracurricular athletic and pupil activities, and insurance transactions.

The Food Service Fund is a special revenue fund used to account for the financial transactions related to the food service operations of the District. The major source of revenue are food service grants.

The Student Activity Fund is a special revenue fund used to account for the financial transactions related to student activities of the District.

The Bond Redemption Fund is a debt service fund, which accounts for the resources accumulated and the payments made for principal and interest on long-term general obligation debt of governmental funds.

The Building Fund is used for the construction of a replacement elementary school, maintaining, and improving an existing memorial hall gymnasium and removing the existing elementary school. This was approved by the voters of the District in an election held November 8, 2022.

The Capital Reserve Capital Projects Fund is used to account for the accumulation of resources and expenditures of resources for capital improvements within the District.

Proprietary Funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and delivering goods relating to a proprietary fund's principal ongoing operations. The principal revenues of the District's enterprise funds are charges for services. Operating expenses for enterprise funds include cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Major Proprietary Funds

Enterprise Funds are used to account for those operations financed and operated in a manner similar to private business or where the Board has decided that the determination of revenues earned, cost incurred, and net income is necessary for management accountability. The District reported the following major business-type funds.

DOLORES COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2024

Teacherage Fund accounts for residential rentals owned by the District that are rented to District teachers.

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Equity

Cash and Cash Equivalents

For the purpose of the statement of cash flows of the enterprise funds the cash and cash equivalents are considered to be cash on hand, demand deposits, and highly liquid investments which are subject to withdrawal.

Colorado statutes define eligible investments for local governments. These include bonds and other interest-bearing obligations of or guaranteed by the United States government or its agencies, bonds which are direct obligations of the State of Colorado or any of its political subdivisions, repurchase agreements, commercial paper, guaranteed investment contracts and local government investment pools.

Inventories

Inventories purchased by the Food Service Fund are stated at cost as determined by the first-in, first-out method. Commodity inventories are stated at USDA's assigned value, which approximate fair value at the date of receipt. Expenses for food items are recorded when used. The federal government donates surplus commodities to supplement the national school lunch programs.

Capital Assets

Capital assets, which include land, buildings and improvements, and equipment, are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their estimated fair value on the date donated. The District maintains a capitalization threshold of \$25,000 for major outlays for buildings and improvements. The District does not possess any infrastructure.

The cost of normal maintenance and repairs that do not add to the value of an asset or materially extend the life of an asset are not capitalized.

DOLORES COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2024

All reported capital assets are depreciated. Depreciation is computed using the straight-line method over the following useful lives:

Description	Governmental	Business-Type
	Activities	Activities
	<u>Estimated Lives</u>	<u>Estimated Lives</u>
Buildings and Improvements	20-50 Years	40 Years
Furniture and Equipment	5-15 Years	5-15 Years
Vehicles	8 Years	N/A

Deferred Outflows/Inflows of Resources

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

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

Accrued Salaries and Benefits Payable

Accrued salaries and benefits payable represent the liability to teachers and certain other employees who earn their salaries over the nine- or ten-month school year but are paid over a twelve-month period. Changes in the accrual are reflected in expenditures or expense on the applicable fund's statement of revenue, expenditures and changed in fund balance.

Compensated Absences

Under the District's policies, employees earn discretionary leave and sick leave based on longevity of services or position.

The number of vacation days for full time support staff employees is two weeks per year after the completion of one year on the job and three weeks per year after the completion of five years on the job. After six years, the employee shall be granted three weeks paid vacation per year. Vacations normally must be taken during the summer months unless special arrangements are made with the immediate supervisor. Vacation time can be accrued and carried over into another year at a maximum of five days.

DOLORES COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2024

Full time employees will be entitled to ten days of paid discretionary leave each year. Part time employees will be entitled to discretionary leave on a pro-rated basis. Paid discretionary leave may be accumulated up to a maximum of sixty days. Employees who have accumulated more than 60 days of discretionary leave will be reimbursed at one-half the daily substitute rate of pay for each excess day of leave. Employees with at least five years of district employment who leave the district will be reimbursed for unused discretionary leave at one-half the daily substitute rate up to the maximum sixty days.

Accumulated discretionary leave and vacation leave for employees who qualify for reimbursement upon leaving the District is shown as a long-term liability of the District.

Long-term Obligations

The District does not have any long-term obligations other than accrued compensated absences. The District has adopted GASB 87 for leases. The District does not have any leases that meet the materiality threshold of capitalization maintained by the District.

Net Position

The net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Net position should be displayed in the following three components:

- Net investment in capital assets represents capital assets, net accumulated depreciation, reduced by the outstanding balances of any borrowing that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted consists of restricted assets that have limitations imposed on their use either through the enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.
- Unrestricted consists of the net amounts of assets, deferred outflows and inflows or resources and liabilities that are not included in the determination of net investment in capital assets or the restricted components of the net position.

When determining categories of net position, it is assumed that the type of expenditure determines the primary use of net position. When an expenditure is incurred for purposes for which both restricted and unrestricted net position is available, the District considers restricted fund to have been spent first.

Fund Balance

The fund balances of the governmental funds are reported in classifications based on the extent to which the District is bound to honor constraints for the specific purposes on which amounts in the fund can be spent as follows.

- Nonspendable fund balance represents assets that cannot be spent because of their form or legally or contractually must be maintained intact.

DOLORES COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2024

- Restricted fund balance reflects resources that are subject to externally enforceable legal limitations.
- Committed fund balance is the portion that is limited to specific purposes determined by a formal action of the Board of Education, the District's highest level of decision-making authority. Commitments may be modified or rescinded only through resolutions approved by the Board of Education.
- Assigned fund balance displays the District's intended use of these resources. The assigned fund balance amounts are assigned by the Board of Education, per the District policy.
- Unassigned fund balance represents resources with residual net resources.

When determining categories of fund balance, it is assumed that the type of expenditure determines the primary use of fund balance. When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. Once the commitment or assignment is satisfied unassigned resources are used.

Defined Benefit Pension Plan

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

Defined Benefit Other Post Employment Benefit (OPEB) Plan

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

Inter-fund Transactions

Quasi-external transactions are accounted for as revenues, expenditures, or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

DOLORES COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2024

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the District's management to make estimates and assumptions that affect the reported amounts of assets, liabilities, deferred outflows and inflows of resources, revenues, and expenditures (expenses). Actual results could differ from those estimates and assumptions used.

Property Taxes

Property taxes for a calendar year are certified by the Board of Education by December 15 and levied on assessed valuation by the county commissioners by December 22, are due and payable in the subsequent calendar year. Assessed values are established by the county assessor. Property taxes attach as an enforceable lien on property as of January 1 of the year in which payable. Property taxes are payable in full by April 30 or in two equal installments due February 28 and June 15. The county bills and collects property taxes for all taxing districts in the county. The property tax receipts collected by the county are remitted to the District in the subsequent month.

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the District, these revenues are sales related to the rental of houses in the Teacherage Fund. Operating expenses are necessary costs incurred to provide the goods or services that are the primary activities of the fund. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Formal budgetary integration is employed as a management control device during the year. Encumbrance accounting is employed by the District. Encumbrances outstanding at year end do not constitute expenditures or liabilities because the commitments will be re-appropriated and honored during the subsequent year

Note 2 - Cash and Investments

Custodial Credit Risk for deposits is the risk that, in the event of a bank failure, the District's deposits might not be recovered. However, there is no custodial risk for public deposits because they are collateralized under the Colorado Public Deposit Protection Act (PDPA). The PDPA specify eligible depositories for public cash deposits, which must be Colorado institutions and must maintain federal insurance on deposits held. Each eligible depository with deposits in excess of the insured levels must pledge a collateral pool of defined eligible assets, to be maintained by another institution or held in trust for all of its local government depositors as a group, with a market value at least 102% of the uninsured deposits. The State Regulatory Commissions for banks and savings and loan associations are required by statute to monitor the naming of eligible depositories and the reporting of uninsured deposits and assets maintained in the collateral pools.

DOLORES COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2024

For investments, custodial risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Colorado statutes define eligible investments for local governments. These include bonds and other interest-bearing obligations of or guaranteed by the United States government or its agencies, bonds which are direct obligations of the State of Colorado or any of its political subdivisions, repurchase agreements, commercial paper, guaranteed investment contracts and local government investment pools. The District has no investments exposed to custodial credit risk.

Interest Rate Risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Colorado revised statutes limits investment maturities to five years or less. The District has no investments exposed to interest rate risk.

Credit Risk is the risk that an issuer of an investment will not fulfill its obligations to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Credit risk in the portfolio is minimized by investing the majority of asset in US Treasury and Instrumentalities which have the support of US government and failure to receive maturing funds is remote. The District has no investments exposed to credit risk.

On June 30, 2024, the District had investments in one local governmental investment pool, the Colorado Government Liquid Asset Trust (COLOTRUST). COLOTRUST is an investment vehicle established for local government entities in Colorado to pool surplus funds for investment purposes. COLOTRUST is routinely monitored by the Colorado Division of Securities with regard to its operations and investments, which are also subject to provisions of C.R.S. Title 24, Article 75, and Section 6. The fair value of the investments in COLOTRUST is the same as the value of the pool shares. None of these types of investments are categorized because they are not evidenced by securities that exist in physical or book entry form.

COLOTRUST is rated AAAM from Standard and Poor's. Financial statements for COLOTRUST may be obtained at www.colotrust.com.

On June 30, 2024, the carrying amount of the District's cash and investments was \$11,481,322. The District's bank balances were \$3,243,080; the COLOTRUST balances were \$9,640,128. The District's bank balances on June 30, 2024 and during the year ended June 30, 2024 were entirely covered by FDIC insurance or pledged collateral held by the District's agent banks in the name of governmental accounts of which the District is a part.

DOLORES COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

Note 3 - Capital Assets

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

	<u>Capital Assets July 1, 2023</u>	<u>Additions</u>	<u>Retirements</u>	<u>Capital Assets June 30, 2024</u>
Governmental Activities				
Buildings and Improvements	\$ 7,338,424	\$ 15,082,690	\$ (967,962)	\$ 21,453,152
Equipment	1,029,792	176,266		1,206,058
Less Accumulated Depreciation	(4,277,790)	(197,884)	633,902	(3,841,772)
Total Governmental Activities	<u>4,090,426</u>	<u>15,061,072</u>	<u>(334,060)</u>	<u>18,817,438</u>
Business-type Activities				
Buildings and Improvements	116,209			116,209
Less Accumulated Depreciation	(90,698)	(1,028)		(91,726)
Total Business-type Activities	<u>25,511</u>	<u>(1,028)</u>	<u>-</u>	<u>24,483</u>
Total District	<u>\$ 4,115,937</u>	<u>\$ 15,060,044</u>	<u>\$ (334,060)</u>	<u>\$ 18,841,921</u>

Depreciation expense was charged as a direct expense to the following governmental programs:

Transportation	\$ 61,955
Operations and Maintenance	12,452
Unallocated	123,477
Total depreciation governmental activities	<u>\$ 197,884</u>

Note 4 - Accrued Salaries

Certified instructors of the District are contracted for nine- or ten-months annually between Labor Day and June 1. These instructors, while only working nine or ten months, are paid for their services in twelve equal monthly installments. On June 30 of each year they have completed their entire contract but have only received 10/12 of the related compensation with the difference to be paid over the summer break. The difference, totaling \$568,217 is reflected as an accrued expense on June 30.

DOLORES COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

Note 5 - Long Term Debt

Series 2023 General Obligation Bonds - Proceeds from the sale of the Bonds, together with proceeds from the District's BEST Grant, will be used to finance the construction, installation and equipping of capital projects approved by District voters at an election held on November 8, 2022. The Bonds are general obligations of the District and are secured by the District's full faith and credit. All taxable property within the boundaries of the District is subject to ad valorem taxation without limitation as to rate or amount to pay the principal of and interest on the Bonds when due. The Bonds are payable in semi-annual installments and bear interest at 5%. The repayment of the Bonds is accounted for in the Debt Service Fund.

The annual requirements to amortize the bonds are as follows:

Fiscal Year Ending June 30	Series 2023 General Obligation Bonds		
	Principal	Interest	Total
2025	\$ 325,000	\$ 489,875	\$ 814,875
2026	345,000	473,125	818,125
2027	360,000	455,500	815,500
2028	380,000	437,000	817,000
2029	395,000	417,625	812,625
2030-2034	2,295,000	1,763,125	4,058,125
2035-2039	2,935,000	1,039,250	3,974,250
2040-2042	2,925,000	374,500	3,299,500
Total	\$ 9,960,000	\$ 5,450,000	\$ 15,410,000

Changes in Long-Term Debt

A summary of changes in general long-term debt follows:

Description	Balance		Deletions	Balance	
	July 1, 2023	Additions		June 30, 2024	
General Obligation Bonds	\$ 10,345,000		\$ (385,000)	\$ 9,960,000	
Accrued compensated absences	61,186	\$ 2,964		64,150	
Total	\$ 10,406,186	\$ 2,964	\$ (385,000)	\$ 10,024,150	

DOLORES COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2024

Note 6 - Inter-fund Operating Allocations/Transfers

A summary of Inter-fund balances are as follows:

The Transfers were made with the purpose of subsidizing the Funds.

<u>Transfers</u>	<u>In</u>	<u>Out</u>
Governmental Activities		
General Fund		\$ (360,287)
Food Service Fund	\$ 52,000	
Student Activity Fund	40,000	
Capital Projects Fund	268,287	
 Total Transfers	 <u>\$ 360,287</u>	 <u>\$ (360,287)</u>

Note 7 - Fund Balance Restrictions and Assignments

Restricted indicates that a portion of the fund balance can only be spent for specific purposes because of state or federal laws, or externally imposed conditions by grantors or creditors. Assigned indicates amounts that are designated for a specific purpose of the Board of Education but are not spendable until appropriated. The District uses the following restrictions and assignments.

Restricted

TABOR is required by an amendment to the State Constitution, Article X; Section 20, known as the Tabor Amendment, which requires local government units to establish emergency reserves. The designation is a minimum of three percent of the current fiscal year eligible expenditures. Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases. Fund balance reserved for emergencies consists of \$200,000 in the General Fund.

Food Service is the amounts to be used for future food service of the District. \$32,542 is restricted in the Food Service Fund.

Student Activities is the amounts to be used for future student activities of the District. \$195,085 restricted in the Student Activities Fund.

Debt Service is the amounts to be used for future repayment of the District's outstanding bond. Fund balance restricted for debt service consists of \$696,073 in the Bond Redemption Fund.

DOLORES COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2024

Capital Improvements is the amounts to be used for future capital improvements of the District. \$804,822 is restricted in the Capital Reserve Capital Projects Fund and \$4,594,946 is restricted for capital projects approved by the District voters in the Building Fund.

Assigned

Assigned for Future Expenditures – indicates anticipated fund balances available for appropriation in the next budget year. Fund balances assigned for future expenditures consist of the following:

General Fund	\$ 4,338,727
Total	<u><u>\$ 4,338,727</u></u>

Note 8 - Budgets and Budgetary Accounting

The District is required by Colorado Statutes to adopt annual budgets for all funds. Each budget is prepared on the same basis (GAAP basis) as that used for accounting purposes, except for the Enterprise Funds, which are prepared essentially on the modified accrual basis of accounting. This basis of accounting is at variance with GAAP.

The following procedures are followed in establishing the budgetary data reflected in the financial statements:

Prior to June 1, the Business Manager submits to the Board a proposed operating budget for the fiscal year commencing the following July 1.

The operating budget includes proposed expenditures and the means of financing them.

Public hearings are conducted to obtain comments.

Prior to June 30, the budget is legally adopted through passage of a resolution by the Board of Directors. However, the Board can review and change the adopted budget through January 31.

Formal budgetary integration is employed as a management control device during the year. Encumbrance accounting is employed by the District. Encumbrances outstanding at year end do not constitute expenditures or liabilities because the commitments will be re-appropriated and honored during the subsequent year.

DOLORES COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2024

Budgeted amounts reported in the accompanying financial statements are as originally adopted and as amended by the Board of Directors throughout the year. Following is a summary of the revised budget, actual amount spent and variance.

	<u>Revised Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Governmental Activities			
General Fund	\$ 8,848,901	\$ 4,748,926	\$ 4,099,975
Food Service Fund	\$ 210,884	\$ 180,075	\$ 30,809
Student Activity Fund	\$ 425,372	\$ 292,882	\$ 132,490
Bond Redemption Fund	\$ 1,564,544	\$ 892,625	\$ 671,919
Building Fund	\$ 23,743,073	\$ 15,513,207	\$ 8,229,866
Capital Projects Fund	\$ 932,445	\$ 176,266	\$ 756,179
Business-type Activities			
Teacherage Fund	\$ 87,665	\$ 15,603	\$ 72,062

Appropriations are adopted by resolution for each fund in total and lapse at the end of each year. Over-expenditures are not deemed to exist unless the fund as a total has expenditures in excess of appropriations.

Note 9 – Jointly Governed Organization

The District is a participant among eight school districts in a jointly governed organization to operate the San Juan Board of Cooperative Educational Services (SJBOCES). The SJBOCES is a regional education service unit created under the “Board of Cooperative Services Act of 1965” of the Colorado Revised Statutes. The BOCES provides unique education services that the member districts could not provide individually on a cost-effective basis. The BOCES governing board is made up of representatives from each member district’s board. The governing board control budgeting and fiscal matters. The District does not have an ongoing financial interest in or ongoing financial responsibility for the BOCES. Financial statements for the BOCES can be obtained at www.sjboces.org The District had no debt with BOCES at year end.

Note 10 – Defined Benefit Pension Plan

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

DOLORES COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2024

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

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

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

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

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

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

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

DOLORES COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2024

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

Contributions provisions as of June 30, 2024: Eligible employees of, the District and the State are required to contribute to the SCHDTF at a rate set by Colorado statute. The contribution requirements for the SCHDTF are established under C.R.S. §24-51-401, *et seq.* and §24-51-413. Eligible employees are required to contribute 11.00% of their PERA-includable salary during the period of July 1, 2023 through June 30, 2024. Employer contribution requirements are summarized in the table below:

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

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

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from the District were \$489,159 for the year ended June 30, 2024.

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

DOLORES COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2024

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

The net pension liability for the SCHDTF was measured as of December 31, 2022, and the total pension liability 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 District contributions to the SCHDTF for the calendar year 2022 relative to the total contributions of the participating employers and the State as a nonemployer contributing entity.

At June 30, 2024, the District reported a liability of \$6,143,193 for its proportionate share of the net pension liability that reflected a reduction for support from the State as a nonemployer contributing entity. The amount recognized by the District as its proportionate share of the net pension liability, the related support from the State as a nonemployer contributing entity, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the net pension liability	\$ 6,143,193
The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the District	134,702
Total	<u>\$ 6,277,895</u>

On December 31, 2023, the District's proportion was .00347398406 percent, which was an increase of .007282666581 percent from its proportion measured as of December 31, 2022.

For the year ended June 30, 2024, the District recognized pension expense of \$406,865 and revenue of \$12,609 for the support from the State as a nonemployer contributing entity. On June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

DOLORES COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2024

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 291,304	
Changes in assumptions or other inputs	-	
Net difference between projected and actual earnings on pension plan investments	1,482,884	\$ 1,042,513
Changes in proportion and differences between contributions recognized and proportionate share of contributions	1,184,415	102,746
Contributions subsequent to the measurement date	252,031	
 Total	 <u>\$ 3,210,634</u>	 <u>\$ 1,145,259</u>

\$252,031 reported as deferred outflows related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30,	
2025	\$ 619,645
2026	773,904
2027	542,583
2028	(122,788)
 Total	 <u>\$ 1,813,344</u>

DOLORES COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2024

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

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

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

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

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

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

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

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

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

DOLORES COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2024

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 was based on the results of the 2020 experience analysis, dated October 28, 2020, for the period January 1, 2016, through December 31, 2019. Revised economic and demographic assumptions were adopted by the PERA Board on November 20, 2020.

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

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

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

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

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

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

DOLORES COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2024

- 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 and the required adjustments resulting from the 2018 AAP assessments. Employees contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the scheduled increase in SB 18-200, required adjustments resulting from the 2018 and 2020 AAP assessments. Employer contributions also include current and estimated future AED and SAED, until actuarial value funding ratio reaches 103%, at which point the AED AND SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions reflect reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- As specified in law, the State, as a nonemployer contributing entity, will provide an annual direct distribution of \$225 million (actual dollars), commencing July 1, 2018, that is proportioned between the State, School, Judicial, and DPS Division Trust Funds based upon the covered payroll of each Division. The annual direct distribution ceases when all Division Trust Funds are fully funded.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial FNP, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the FNP and the subsequent AIR benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the middle of the year.
- Beginning with the December 31, 2023, measurement date and thereafter, the FNP as of the current measurement date is used as a starting point for the GASB 67 projection test.

DOLORES COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2024

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

Sensitivity of the District’s proportionate share of the net pension liability to changes in the discount rate. The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.25%, as well as what the proportionate share of the net position liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25%) or 1-percentage-point higher (8.25%) than the current rate:

	1 % Decrease (6.25%)	Current Discount Rate (7.25%)	1 % Increase (8.25)
Proportionate share of the net pension liability	\$ 8,214,470	\$ 6,143,193	\$ 4,415,998

Pension plan fiduciary net position. Detail information of the SCHDTF’s fiduciary net position is available in PERA’s comprehensive annual financial report which can be obtained at www.copera.org/investments/pera-financial-reports

Note 11 – Defined Contribution Pension Plan

Voluntary Investment Program

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

Funding Policy – The Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. The District has not agreed to match employee contributions. Employees are immediately vested in their own contributions, employer contributions and investment earnings. For the year ended June 30, 2024, program members contributed \$5,522 to the Voluntary Investment Program.

DOLORES COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2024

Note 12 – Other Post-Employment Benefits

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

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

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

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

PERA Benefit Structure

The maximum service-based premium subsidy is \$230 per month for benefit recipients who are under 65 years of age and who are not entitled to Medicare; the maximum service-based subsidy is \$115 per month for benefit recipients who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The maximum service-based subsidy, in each case, is for benefit recipients with retirement benefits based on 20 or more years of service

DOLORES COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2024

credit. There is a 5% reduction in the subsidy for each year less than 20. The benefit recipient pays the remaining portion of the premium to the extent the subsidy does not cover the entire amount.

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

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

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from District were \$24,482 for the year ended June 30, 2024.

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

At June 30, 2024 the District reported a liability of \$148,334 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2023, and the total OPEB liability (TOL) used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2022. Standard update procedures were used to roll-forward the TOL to December 31, 2023. The District proportion of the net OPEB liability was based on District contributions to the HCTF for the calendar year 2023 relative to the total contributions of participating employers to the HCTF.

At December 31, 2023, the District proportion was .0207829835 percent, which was an increase of .0003284179 percent from its proportion measured as of December 31, 2022.

For the year ended June 30, 2024 the District recognized OPEB expense of \$(30,544). At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

DOLORES COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2024

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Difference between expected and actual experience	\$ 1,744	\$ 30,402
Changes in assumptions or other inputs		15,728
Net difference between projected and actual earnings on pension plan investments	13,959	9,372
Changes in proportion and differences between contributions recognized and proportionate share of contributions		-
Contributions subsequent to the measurement date	12,614	
 Total	 <u>\$ 28,317</u>	 <u>\$ 55,502</u>

\$12,614 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30,	
2025	\$ (18,057)
2026	(9,556)
2027	(3,290)
2028	(6,579)
2029	(1,878)
2030	(439)
 Total	 <u>\$ (39,799)</u>

DOLORES COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2024

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

	State Division	School Division	Local Government Division	Judicial Division
Actuarial cost method			Entry age	
Price inflation			2.30%	
Real wage growth			0.70%	
Wage inflation			3.00%	
Salary increases, including wage inflation				
Members other than Safety Officers	3.30%-10.90%	3.40%-11.00%	3.20%-11.30%	2.80%-5.30%
Safety Officers	3.20%-12.40%	N/A	3.20%-12.40%	N/A
Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation			7.25%	
Discount rate			7.25%	
Health care cost trend rates				
PERA benefit structure:				
Service-based premium subsidy			0.00%	
PERACare Medicare plans ¹			7.00% in 2023, gradually decreasing to 4.50% in 2033	
Medicare Part A premiums			3.50% in 2023, gradually increasing to 4.50% in 2035	
DPS benefit structure:				
Service-based premium subsidy			0.00%	
PERACare Medicare plans			N/A	
Medicare Part A premiums			N/A	

¹ UnitedHealthcare MAPD PPO plans are 0% for 2023.

Each year the per capita health care costs are developed by plan option; currently based on 2023 premium rates for the UnitedHealthcare Medicare Advantage Prescription Drug (MAPD) PPO plan #1, the UnitedHealthcare MAPD PPO plan #2, and the Kaiser Permanente MAPD HMO plan. Actuarial

DOLORES COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

morbidity factors are then applied to estimate individual retiree and spouse costs by age, gender, and health care cost trend. This approach applies for all members and is adjusted accordingly for those not eligible for premium-free Medicare Part A for the PERA benefit structure.

Age-Related Morbidity Assumptions

Participant Age	Annual Increase (Male)	Annual Increase (Female)
65-68	2.2%	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%

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

Sample Age	MAPD PPO #1 without Medicare Part A		MAPD PPO #2 without Medicare Part A		MAPD HMO (Kaiser) without Medicare Part A	
	Retiree/Spouse		Retiree/Spouse		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 2023 Medicare Part A premium is \$506 per month.

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

DOLORES COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2024

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

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

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

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

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

DOLORES COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2024

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

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

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

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

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

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

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

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

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

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

DOLORES COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J

NOTES TO THE FINANCIAL STATEMENTS June 30, 2024

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

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

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

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

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

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

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

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

DOLORES COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

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

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

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

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

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

Sensitivity of the District 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:

DOLORES COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2024

	1% Decrease in Trend Rates	Current Trend Rates	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	\$ 144,076	\$ 148,334	\$ 152,965

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

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2023, measurement date.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00%.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Estimated transfers of dollars into the HCTF representing a portion of purchase service agreements intended to cover the costs associated with OPEB benefits.
- Benefit payments and contributions were assumed to be made at the middle of the year.
- Beginning with the December 31, 2023, measurement date and thereafter, the FNP as of the current measurement date is used as a starting point for the GASB 74 projection test.
- As of the December 31, 2023, measurement date, the FNP and related disclosure components for the HCTF reflect payments related to the disaffiliation of Tri-County Health Department as a PERA-affiliated employer, effective December 31, 2022. As of the December 31, 2023, year-end, PERA recognized two additions for accounting and financial reporting purposes: a \$24 million payment received on December 4, 2023, and a

DOLORES COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

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

Sensitivity of the District 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	\$ 175,201	\$ 148,334	\$ 125,349

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

Note 13 - Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District is a member of the Colorado School Districts Self-Insurance Pool (CSDSIP). The CDSSIP was formed in 1981, when Colorado state regulators authorized the organization’s creation, in response to shortcomings in the commercial insurance market. The CSDSIP provides member school districts and related educational facilities with defined property and liability coverage through joint self-insurance and excess insurance.

The District continues to carry commercial insurance for all other risks of loss including worker’s compensation and employee health and accident insurance. There have been no settled claims that have exceeded insurance coverage in any of the past three fiscal years. There have been no significant decreases in insurance coverage from the prior year.

DOLORES COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2024

Note 14 - Tax, Spending, and Debt Limitations

Colorado Voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local governments. On November 5, 1996, the people of the District voted to authorize the spending of all monies in existing funds and to collect, retain, and expend the full revenue, including state grants and taxes, generated during fiscal year 1997 and for each subsequent year regardless of any limitation contained in Article X, Section 20, of the Colorado Constitution. The Amendment is complex and subject to judicial interpretation. The District believes it is in compliance with all other requirements of the amendment. However, the District has made certain interpretations of the amendment's language in order to determine its compliance.

On November 3, 2015, the voters approved a mill levy override. The taxes may be increased by \$350,000 in the first full fiscal year (2016) and whatever amounts are raised annually thereafter by the imposition of an additional mill levy not to exceed 3 mills upon taxable real property within the District. On November 2, 2022 the District voters approved a permanent property tax override of 3 mills.

Note 15 – Compliance with the Financial Policies and Procedures Handbook

The school district is complying with the provisions of section 22-44-204(3), C.R.S., concerning the use of the Financial Policies and Procedures Handbook adopted by the State Board of Education." C.R.S. 29-1-603

Note 16 - Commitments and Contingent Liabilities

The District had received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to a request for reimbursement to grantor agencies for expenditures disallowed under terms of the grant. District management believes that disallowance, if any, would be immaterial to the basic financial statements.

DOLORES COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J

REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2024

Required supplementary information includes financial information disclosure that are required by the GASB but are not considered a part of the basic financial statements.

Such information includes:

- Schedule of the District's Pension Contributions

- Schedule of the District's Proportionate Share of the Net Pension Liability

- Schedule of the District's Other Post Employment Benefits (OPEB) Plan Contributions

- Schedule of the District's Proportionate Share of the Net Other Post Employment Benefit (OPEB) Plan Liability

DOLORES COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J
Schedule of the District's Pension Contributions

For the Years Ended June 30
Last 10 Years*

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Contractually required contributions	\$ 293,595	\$ 315,493	\$ 353,622	\$ 344,390	\$ 343,863	\$ 363,502	\$ 388,256	\$ 391,944	\$ 445,598	\$ 489,159
Contributions in relation to the contractually required contribution	293,595	315,493	353,622	344,390	343,863	363,502	388,256	391,944	445,598	489,159
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 1,738,432	\$ 1,778,896	\$ 1,923,600	\$ 1,823,894	\$ 1,797,486	\$ 1,875,657	\$ 1,952,992	\$ 1,971,548	\$ 2,186,445	\$ 2,400,190
Contributions as a percentage of covered payroll	16.89%	17.74%	18.38%	18.88%	19.13%	19.38%	19.88%	19.88%	20.38%	20.38%

Notes to Required Supplemental Information
See Note 10 in the accompanying Notes to the Financial Statements for factors that significantly affect trends in the amounts reported.

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 District) receive a higher ratio of service credit for each month worked, up to a maximum of 12 months of service credit per year.

2023 Changes in Assumptions or Other Inputs Since 2022

There were no changes made to the actuarial methods or assumptions.

DOLORES COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J
Schedule of the Districts' Proportionate Share of the Net Pension Liability

For the Years Ended June 30

Last 10 Years*

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
District's proportion of the net pension liability	0.04059932%	0.04057857%	0.04109908%	0.04074981%	0.32533821%	0.03174084%	0.03527397%	0.03126580%	0.02691318%	0.03473984%
District's proportionate share of the Net Pension Liability	\$ 5,502,571	\$ 6,206,206	\$ 12,236,786	\$ 13,177,041	\$ 5,760,781	\$ 4,742,012	\$ 5,332,713	\$ 3,638,516	\$ 4,900,747	\$ 6,143,193
District's share of the State of Colorado's share of the Net Pension Liability as nonemployer contributing entity					\$ 787,707	\$ 601,464	\$ -	\$ 417,109	\$ 1,428,127	\$ 134,702
Total Net Pension Liability					\$ 6,548,488	\$ 5,343,476	\$ 5,332,713	\$ 4,055,625	\$ 6,328,874	\$ 6,277,895
District's covered payroll	\$ 1,738,432	\$ 1,778,896	\$ 1,923,600	\$ 1,823,894	\$ 1,788,557	\$ 1,875,657	\$ 1,952,992	\$ 1,954,015	\$ 2,186,445	\$ 2,296,618
District's proportionate share of the net pension liability as a percentage of its covered payroll	316.52%	348.88%	636.14%	722.47%	366.13%	284.89%	273.05%	207.55%	289.46%	273.35%
Plan fiduciary net position as a percentage of the total pension liability	64.07%	59.20%	43.13%	43.96%	57.01%	64.52%	66.99%	74.86%	61.79%	64.74%

The amounts presented for each year were determined as of the calendar year that occurred within the fiscal year.

Notes to Required Supplemental Information

See Note 10 in the accompanying Notes to the Financial Statements for factors that significantly affect trends in the amounts reported.

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 District) receive a higher ratio of service credit for each month worked, up to a maximum of 12 months of service credit per year.

2023 Changes in Assumptions or Other Inputs Since 2022

There were no changes made to the actuarial methods or assumptions.

DOLORES COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J
Schedule of the District's Other Post Employment Benefits (OPEB) Plan Contributions

For the Years Ended June 30

Last 10 Years*

	2017	2018	2019	2020	2021	2022	2023	2024
Contractually required contributions	\$ 19,620	\$ 18,604	\$ 18,335	\$ 19,132	\$ 19,921	\$ 20,109	\$ 22,301	\$ 24,482
Contributions in relation to the statutory contractually contribution	19,620	18,604	18,335	19,132	19,921	20,109	22,301	24,482
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
School's covered payroll	\$ 1,923,600	\$ 1,823,894	\$ 1,797,486	\$ 1,875,657	\$ 1,952,992	\$ 1,971,548	\$ 2,186,445	\$ 2,400,190
Contributions as a percentage of covered payroll	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%

* Fiscal year 2018 was the 1st year of implementation. Information in not available for years prior to 2017.

Notes to Required Supplemental Information

See Note 12 in the accompanying Notes to the Financial Statements for factors that significantly affect trends in the amounts reported.

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

2023 Changes in Assumptions or Other Inputs Since 2022

There were no changes made to the actuarial methods or assumptions.

DOLORES COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J
 Schedule of the District's Proportionate Share of the Net Other Post Employment Benefit (OPEB) Plan Liability

For the Years Ended June 30

Last 10 Years*

	2017	2018	2019	2020	2021	2022	2023	2024
District's proportion of the net OPEB plan liability	0.23361242%	0.23153882%	0.02114714%	0.02074414%	0.02039882%	0.02041421%	0.02045457%	0.02078298%
District's proportionate share of the Net OPEB plan liability	\$ 302,886	\$ 300,908	\$ 287,716	\$ 233,164	\$ 193,835	\$ 176,033	\$ 167,007	\$ 148,334
District's covered payroll	\$ 1,923,600	\$ 1,823,894	\$ 1,788,557	\$ 1,875,657	\$ 1,952,992	\$ 1,954,015	\$ 2,186,445	\$ 2,296,618
District's proportionate share of the net OPEB plan liability as a percentage of its covered payroll	15.75%	16.50%	16.09%	12.43%	9.93%	9.01%	7.64%	6.46%
Plan fiduciary net position as a percentage of the total OPEB plan liability	20.07%	21.25%	17.03%	24.49%	32.78%	39.40%	38.57%	41.16%

The amounts presented for each year were determined as of the calendar year that occurred within the fiscal year.

* Fiscal year 2018 was the 1st year of implementation. Information in not available for years prior to 2017.

Notes to Required Supplemental Information

See Note 12 in the accompanying Notes to the Financial Statements for factors that significantly affect trends in the amount reported.

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

2023 Changes in Assumptions or Other Inputs Since 2022

There were no changes made to the actuarial methods or assumptions.

DOLORES COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J

SUPPLEMENTARY INFORMATION

June 30, 2024

Other supplementary information includes financial statements and schedules not required by the GASB, or a part of the basic financial statements, but are presented for purposes of additional analysis.

These statements and schedules include:

Budgetary Comparison Schedules

Debt Service Fund

Bond Redemption Fund

Building Fund

Capital Reserve Capital Projects Fund

Proprietary Fund

Enterprise Fund

Teachorage Fund

DOLORES COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - BUDGET AND ACTUAL
 BOND REDEMPTION FUND
For the Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
Revenues				
Current property tax	\$ 865,000	\$ 865,000	\$ 851,127	\$ (13,873)
Specific ownership tax			25,136	25,136
Delinquent taxes and interest on taxes			1,574	1,574
Earnings on investments	5,000	17,000	24,842	7,842
Division of Wildlife			3,475	3,475
Total Revenues	<u>870,000</u>	<u>882,000</u>	<u>906,154</u>	<u>24,154</u>
Expenditures				
Other				
Purchased services				
Professional and technical	500	500		500
Debt Service				
Principal	385,000	385,000	385,000	-
Interest	507,625	507,625	507,625	-
Appropriated reserves	659,401	671,419		671,419
Total Expenditures	<u>1,552,526</u>	<u>1,564,544</u>	<u>892,625</u>	<u>671,919</u>
Excess of revenues and other sources over (under) expenditures and other uses	(682,526)	(682,544)	13,529	696,073
Fund Balance, Beginning	682,526	682,544	682,544	-
Fund Balance, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 696,073</u>	<u>\$ 696,073</u>

DOLORES COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - BUDGET AND ACTUAL
 BUILDING FUND
For the Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
Revenues from Local Sources				
Earnings on investments	\$ 100,000	\$ 400,000	\$ 460,691	\$ 60,691
Total Revenues from Local Sources	<u>100,000</u>	<u>400,000</u>	<u>460,691</u>	<u>60,691</u>
Revenues from State Sources				
State grants from CDE BEST Grant	12,227,744	12,118,239	8,422,628	(3,695,611)
Total Revenues from State Sources	<u>12,227,744</u>	<u>12,118,239</u>	<u>8,422,628</u>	<u>(3,695,611)</u>
Total Revenues	<u>12,327,744</u>	<u>12,518,239</u>	<u>8,883,319</u>	<u>(3,634,920)</u>
Expenditures				
Facilities Acquisition and Construction				
Purchased services				
Property	808,099	808,099	379,895	428,204
Property	22,759,645	22,934,974	15,133,312	7,801,662
Total Expenditures	<u>23,567,744</u>	<u>23,743,073</u>	<u>15,513,207</u>	<u>8,229,866</u>
Excess revenue over (under) expenditures	<u>(11,240,000)</u>	<u>(11,224,834)</u>	<u>(6,629,888)</u>	<u>4,594,946</u>
Fund Balance, Beginning	11,240,000	11,224,834	11,224,834	-
Fund Balance, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,594,946</u>	<u>\$ 4,594,946</u>

DOLORES COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - BUDGET AND ACTUAL
 CAPITAL RESERVE CAPITAL PROJECTS FUND
For the Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
Revenues from Local Sources				
Earnings on investments	\$ 5,000	\$ 30,000	\$ 34,356	\$ 4,356
Total Revenues from Local Sources	<u>5,000</u>	<u>30,000</u>	<u>34,356</u>	<u>4,356</u>
Expenditures				
Facilities Acquisition and Construction				
Property	300,000	310,000	176,266	133,734
Appropriated reserves	562,000	622,445		622,445
Total Expenditures	<u>862,000</u>	<u>932,445</u>	<u>176,266</u>	<u>756,179</u>
Excess revenue over (under) expenditures	(857,000)	(902,445)	(141,910)	760,535
Other Financing Sources (Uses)				
Transfers in (out)	100,000	224,000	268,287	44,287
Excess of revenues and other sources over (under) expenditures and other uses	(757,000)	(678,445)	126,377	804,822
Fund Balance, Beginning	757,000	678,445	678,445	-
Fund Balance, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 804,822</u>	<u>\$ 804,822</u>

DOLORES COUNTY (DOVE CREEK) SCHOOL DISTRICT RE-2J

SCHEDULE OF REVENUES, EXPENSES AND CHANGES
IN NET POSITION - BUDGET (NON GAAP BASIS) AND ACTUAL
PROPRIETARY FUND TYPE - ENTERPRISE FUND
TEACHERAGE FUND
For the Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
Operating Revenues				
Rents	\$ 26,500	\$ 25,500	\$ 20,576	\$ (4,924)
Total Operating Revenues	<u>26,500</u>	<u>25,500</u>	<u>20,576</u>	<u>(4,924)</u>
Operating Expenses				
Purchased services				
Property	12,000	12,000	6,965	5,035
Supplies	12,150	12,150	8,638	3,512
Property	1,850	1,850		1,850
Other	500	500		500
Total Operating Expenses	<u>26,500</u>	<u>26,500</u>	<u>15,603</u>	<u>10,897</u>
Operating income (loss)	-	(1,000)	4,973	5,973
Nonoperating Revenues (Expenses)				
Local sources				
Earnings on investments		1,000	1,961	961
Appropriated reserves	(50,000)	(61,165)		61,165
Changes in Net Position Non GAAP Basis	<u>(50,000)</u>	<u>(61,165)</u>	<u>6,934</u>	<u>68,099</u>
Less depreciation expense			(1,028)	(1,028)
Net Position, Beginning	50,000	61,165	86,675	25,510
Net Position, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 92,581</u>	<u>\$ 92,581</u>



Colorado Department of Education
Auditors Integrity Report
 District: 0890 – Dolores County RE No.2
 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	4,125,140		5,162,513	4,748,928		4,538,726
18 Risk Mgmt Sub-Fund of General Fund	0		0	0		0
19 Colorado Preschool Program Fund	0		0	0		0
Sub-Total	4,125,140		5,162,513	4,748,928		4,538,726
11 Charter School Fund	0		0	0		0
20.26-29 Special Revenue Fund	0		0	0		0
06 Supplemental Cap Const, Tech, Main, Fund	0		0	0		0
07 Total Program Reserve Fund	0		0	0		0
21 Food Service Spec Revenue Fund	29,628		187,234	180,076		36,787
22 Govt Designated-Purpose Grants Fund	0		0	0		0
23 Pupil Activity Special Revenue Fund	172,565		315,402	292,882		195,085
25 Transportation Fund	0		0	0		0
31 Bond Redemption Fund	682,544		906,153	892,625		696,073
39 Certificate of Participation (COP) Debt Service Fund	0		0	0		0
41 Building Fund	11,224,834		8,883,319	15,513,207		4,594,946
42 Special Building Fund	0		0	0		0
43 Capital Reserve Capital Projects Fund	678,445		302,642	176,266		804,822
46 Supplemental Cap Const, Tech, Main Fund	0		0	0		0
Totals	16,913,157		15,757,263	21,803,983		10,866,437
Proprietary						
50 Other Enterprise Funds	86,675		22,537	16,631		92,581
64 (63) Risk-Related Activity Fund	0		0	0		0
60.65-69 Other Internal Service Funds	0		0	0		0
Totals	86,675		22,537	16,631		92,581
Fiduciary						
70 Other Trust and Agency Funds	0		0	0		0
72 Private Purpose Trust Fund	0		0	0		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	0		0	0		0

FINAL

OTHER INFORMATION

Dolores County (Dove Creek) School District RE-2J

District's Required Annual Financial Disclosure Undertaking
 In the Connection of the Issuance of it's
 General Obligation Bonds, Series 2023
For the Year Ending June 30, 2024

The following tables are required pursuant to the requirements of the District's continuing disclosure undertaking, dated as of January 24, 2023, which was executed by the District in connection with the issuance of its General Obligation Bonds, Series 2023.

History of District's Mill Levy

Levy/Collection Year	General Fund	Mill Levy Override	Bond Redemption Fund	Abatements	Total Mill Levy
2019/2020	15.559	3.000	0.000	0.000	18.559
2020/2021	15.559	3.000	0.000	0.080	18.639
2021/2022	16.574	3.000	0.000	0.015	19.589
2022/2023	17.559	3.000	8.731	0.003	29.293
2023/2024	18.559	3.000	7.593	0.019	29.171

One mill equals 1/10 of one cent. Mill levies certified in 2023 are for the collection of ad valorem property taxes in 2024. District voters approved property tax mill levy override increasing taxes in fiscal year 2016 by imposing an additional mill levy not to exceed 3 mills, which was to expire with the 2022 collection year. At an election held on November 2, 2021, the District voters approved a permanent extension of the 2015 mill levy override.

History of District's Assessed Valuation

Levy/Collection Year	Dolores County	San Miguel County	Total	Percentage Change
2019/2020	\$121,465,928	\$ 3,955,200	\$125,421,128	-2.63%
2020/2021	\$114,008,222	\$ 3,557,950	\$117,566,172	-6.26%
2021/2022	\$113,594,096	\$ 4,366,538	\$117,960,634	0.34%
2022/2023	\$ 94,519,731	\$ 4,553,552	\$ 99,073,283	-16.01%
2023/2024	\$109,918,443	\$ 4,002,046	\$113,920,489	14.99%

Assessed valuations may fluctuate from year to year based on a variety of factors, including, but not limited to; changes in the assessment rate for residential properties, changes in state assessed value, abatements, and/or changes in status.

Dolores County (Dove Creek) School District RE-2J

District's Required Annual Financial Disclosure Undertaking
 In the Connection of the Issuance of it's
 General Obligation Bonds, Series 2023
For the Year Ending June 30, 2024

Historical Property Tax Collections

Levy/Collection Year	Dolores County	San Miguel County	Total Taxes Levied	Total Taxes Collected	Percent of Levy Collected
2019/2020	\$ 2,320,181	\$ 72,562	\$ 2,392,743	\$ 2,391,333	99.94%
2020/2021	\$ 2,254,286	\$ 73,405	\$ 2,327,691	\$ 2,315,035	99.46%
2021/2022	\$ 2,124,999	\$ 66,317	\$ 2,191,316	\$ 2,173,485	99.19%
2022/2023	\$ 2,223,491	\$ 85,471	\$ 2,308,962	\$ 2,290,457	99.20%
2023/2024	\$ 3,206,532	\$ 116,643	\$ 3,323,175	\$ 3,224,292	97.02%

Collection is on a calendar year basis.

2023 Largest Taxpayers within the District

Name	Assessed Valuation	Percent of Assessed Valuation
Kinder Morgan	\$ 20,813,999	18.27%
Air Products	18,439,928	16.19%
Generation & Transmission Association	3,405,500	2.99%
Dunton LLC	3,148,329	2.76%
Mid-America Pipeline	2,780,900	2.44%
Shell Oil Co	2,507,666	2.20%
Northwest Pipeline	1,468,300	1.29%
Cortez Pipeline	931,713	0.82%
Transcolorado Gas Trans Co LLC	712,000	0.62%
Empire Electric	621,000	0.55%
	<u>\$ 54,829,335</u>	<u>48.13%</u>
2023 District's assessed valuation	<u>\$113,920,489</u>	

Dolores County (Dove Creek) School District RE-2J

District's Required Annual Financial Disclosure Undertaking
In the Connection of the Issuance of it's
General Obligation Bonds, Series 2023
For the Year Ending June 30, 2024

District Enrollment

<u>Levy/Collection Year</u>	<u>Enrollment</u>	<u>Percentage Change</u>
2019/2020	239.3	0.80%
2020/2021	228.0	-4.72%
2021/2022	244.5	7.24%
2022/2023	252.0	3.07%
2023/2024	240.2	-4.68%