

**OURAY COUNTY SCHOOL DISTRICT NO. R-2
RIDGWAY, COLORADO**

BASIC FINANCIAL STATEMENTS

June 30, 2024

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FINANCIAL SECTION



**PROSPECTIVE
BUSINESS
SOLUTIONS, LLC**
Certified Public Accountants

Auditing, Accounting, and Consulting Services for
Governments and Nonprofit Organizations

Board of Education
Ouray County School District No. R-2
Ridgway, Colorado

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Ouray County School District No. R-2 (the "District"), 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 accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Ouray County School District No. R-2 as of June 30, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information, the schedules of the District's proportionate share, and the schedules of the District's contributions on pages 45-52 be presented to supplement the basic financial statements. Such information, 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.

Other Information

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

PB Solutions LLC

Littleton, Colorado
December 16, 2024

Management's Discussion and Analysis

Ouray County School District R-2

June 30, 2024

As management of the Ouray County School District R-2 we offer readers of the district's financial statements this narrative overview and analysis of the financial activities of the district for the fiscal year ended June 30, 2024.

Financial Highlights

At the close of the fiscal year, the District's total assets and deferred outflows of resources exceed its total liabilities and deferred inflows of resources by \$16,242,225 (net position). This is an increase of \$1,936,577 over the prior year. Of this amount, \$11,954,249 is invested in capital assets (net of related debt), \$195,170 is restricted for emergencies, \$2,161,129 is restricted for debt service, leaving an unrestricted positive net position balance of \$1,931,677.

At the end of the current fiscal year, the fund balance for the general fund was \$4,048,372, increase of \$278,934.

The district's long-term obligations are \$14,737,237. The renovations to the elementary school and assorted district wide improvement projects were completed and no further debt has been added to the bonds issued in 2021.

Overview of the Financial Statements

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

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

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

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

The government-wide financial statements only have governmental activities that are principally supported by taxes and intergovernmental revenues. The governmental activities of the district include instructional services, pupil services, instructional staff services, general administration services, school administration services, maintenance and capital asset services, and transportation services. The government-wide financial statements include only the district itself, as the district has no component units.

The government-wide financial statements can be found on pages 1 and 2 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The district, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the district can be divided into two categories: governmental funds and fiduciary funds.

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

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

The district maintains three major governmental funds and five nonmajor governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the following major funds: General Fund, the Bond Redemption Debt Service Fund, and the Building Fund.

The Student Activities Fund, Food Service Fund, Grant Fund, Capital Projects Fund, and Fundraising Fund are combined in one column labeled nonmajor governmental funds.

The district adopts an annual appropriated budget for all funds. Budgetary comparison statements are included in the financial statements to demonstrate compliance with this budget.

The governmental fund financial statements can be found on pages 3 and 5 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 7-44 of this report.

Government-wide Financial Analysis

Net Position may serve over time as a useful indicator of a government’s financial position. In the case of the District, Net Position increased to \$16,242,225 at the close of the most recent fiscal year 2023-2024.

The District’s net position in its net investment in capital assets (e.g., land and improvements, buildings, and equipment); less any related debt used to acquire those assets that is still outstanding, is \$11,954,249. The district uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the District’s net investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Property taxes are levied specifically to fund debt service on general obligation bonds.

Ouray County School District R-2: Statement of Net Position

| | Governmental Activities | |
|-------------------------------------|-------------------------|----------------------|
| | <u>2024</u> | <u>2023</u> |
| <u>ASSETS</u> | | |
| Current and other assets | \$ 12,702,721 | \$ 16,686,710 |
| Capital Assets | \$ 26,512,554 | \$ 22,924,446 |
| <i>Total Assets:</i> | \$ 39,215,275 | \$ 39,611,156 |
| Deferred Outflows Pensions and OPEB | \$ 2,580,707 | \$ 1,760,513 |
| <u>LIABILITIES</u> | | |
| Long-term Liabilities Outstanding | \$ 14,064,534 | \$ 14,671,529 |
| Other Liabilities | \$ 1,875,764 | \$ 3,651,204 |
| Net Pension Liability | \$ 8,957,807 | \$ 7,267,316 |
| <i>Total Liabilities:</i> | \$ 24,898,105 | \$ 25,590,049 |
| Deferred Inflows Pensions and OPEB | \$ 655,652 | \$ 1,475,972 |
| <u>NET POSITION</u> | | |
| Net Investment in Capital Asset | \$ 11,954,249 | \$ 7,524,408 |
| Restricted | \$ 2,356,299 | \$ 2,408,107 |
| Unrestricted | \$ 1,931,677 | \$ 4,373,133 |
| <i>Total Net Position:</i> | \$ 16,242,225 | \$ 14,305,648 |

The proportion of the District's assets are from a majority of investment in capital assets. Thirty two percent of the District's assets are cash and investments. Seven percent of the District's current liabilities represent accrued salaries and fringe benefits. This liability occurs when teachers and certain other District employees work nine months of the year but are paid over a full twelve months. Therefore, for each month these employees work, they earn more than they are paid. Colorado statutes do not require the liability to be funded or budgeted for until the year in which it is paid.

Ouray County School District R-2: Changes in Net Position

| | Governmental Activities | |
|--|-------------------------|----------------------|
| | 2024 | 2023 |
| Program Revenues | | |
| Charges for Services | \$ 373,632 | \$ 293,089 |
| Operating Grants and Contributions | \$ 747,435 | \$ 1,372,369 |
| Capital Grants and Contributions | \$ 1,605,966 | \$ 5,135,466 |
| Total Program Revenues | \$ 2,727,033 | \$ 6,800,924 |
| General Revenues | | |
| Property Taxes Levied for General Purposes | \$ 5,648,090 | \$ 4,372,685 |
| Property Taxes levied for debt service | \$ - | \$ - |
| State Equalization | \$ 1,426,403 | \$ 2,236,422 |
| Specific Ownership Taxes | \$ 439,087 | \$ 439,503 |
| Investment Earnings | \$ 463,058 | \$ 513,704 |
| Miscellaneous revenue | \$ 7,732 | \$ - |
| Total General Fund Revenues | \$ 7,984,370 | \$ 7,562,314 |
| Total Revenues | \$ 10,711,403 | \$ 14,363,238 |
| Expenses | | |
| Instructional Services | \$ 4,579,355 | \$ 4,101,955 |
| Support Services: | \$ 3,811,443 | \$ 2,939,191 |
| Interest and Fiscal Charges | \$ 384,028 | \$ 388,234 |
| TOTAL EXPENSES | \$ 8,774,826 | \$ 7,429,380 |
| Change in Net Position | \$ 1,936,577 | \$ 6,933,858 |
| Net Position, Beginning | \$ 14,305,648 | \$ 7,371,790 |
| Net Position, Ending | \$ 16,242,225 | \$ 14,305,648 |

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

State equalization decreased by **\$810,019** from prior fiscal year. Property taxes levied for general purposes and for debt service increased by **\$1,275,405**. Some of the increase is the product of the Colorado Public School Finance Act, which provides for the majority of the funding of local school districts based on a funded pupil count formula and a standardized maximum statewide property tax mill levy.

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

At the end of the current fiscal year, the district's governmental funds reported combined ending fund balances of \$11,384,546. The Unassigned fund balance is \$3,848,302. Nonspendable fund balances are set aside for prepaid expenses and inventory in the amount of \$24,335. Restricted fund balances totaling \$2,417,260 are aside for emergencies (Tabor), debt service, and grants. The District also reports committed fund balance for capital projects in the amount of \$129,433 and assigned fund balance for future expenditures of \$4,965,216.

The General Fund is the chief operating fund of the district. At the end of the current fiscal year, the total fund balance was \$4,048,372. The fund balance of the District's General Fund increased by \$278,934 during the 2023-2024 fiscal year.

General Fund Budgetary Highlights

The general fund had two board approved budgets in the 2023-2024 fiscal year. Preliminary budget adopted in June, 2023 and an amended budget adopted in December, 2023. There were no significant changes noteworthy.

Actual revenues in the General Fund were \$15,833 lower than budgeted.

General fund expenditures actually spent were under budget by \$447,309 due largely to conservative spending and the use of the final amount awarded to the district in CARES Act funding, ESSER III.

Capital assets. The district's investment in capital assets for its governmental activities as of June 30, 2024 amount to \$26,512,554 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, and vehicles and equipment. The total increase in the district's investment in capital assets for the current fiscal year was due to additions of construction in progress, offset by depreciation.

Long-term debt. At the end of the current fiscal year, the district had total outstanding debt of \$23,695,044. This amount includes general obligation bonds of \$12,100,000 that are backed by the full faith and credit of the district. The general obligation bonds maintain a rating of "AAA" from Standard & Poor's. State statutes limit the amount of general obligation debt a governmental entity may issue to 20 percent of its total assessed valuation.

Economic Factors and Next Year's Budgets

The district's enrollment decreased in 2023-2024. Trends in enrollment directly impact the school district's budget for funding. Rising inflation costs and State budget cuts will directly affect the State of Colorado's funding formula for school districts in the future.

Ever-rising costs of health insurance for our staff benefit program means the district has to be very resourceful in purchasing goods and services.

In November 2000, voters in Colorado approved Amendment 23 to the Colorado constitution providing that K-12 funding would increase at pupil growth plus inflation plus one percent for 10 years and thereafter, growth plus inflation. The amendment created a State Education Fund, which was intended to accumulate revenues to support this level of funding. This provision was intended to stabilize and remove funding from the political process. New bonds were issued in December 2021 for renovation projects at the elementary school and the district was awarded a BEST Grant to assist in those improvements. These renovations were fully completed in the 2023-2024 fiscal year. The remaining funds are being used to address a new roof on the Secondary Building as well as assorted district wide upgrade renovations.

Requests for Information

This financial report is designed to provide a general overview of the district's finances for all those with an interest in the district's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Ouray County School District R-2 Business Manager, 1115 W Clinton, Ridgway, Colorado 81432.

BASIC FINANCIAL STATEMENTS

OURAY COUNTY SCHOOL DISTRICT NO. R-2

STATEMENT OF NET POSITION

June 30, 2024

| | <u>GOVERNMENTAL ACTIVITIES</u> |
|--|------------------------------------|
| ASSETS | |
| Cash and Investments | \$ 5,188,206 |
| Restricted Cash and Investments | 7,081,978 |
| Cash Held with Fiscal Agent | 29,038 |
| Taxes Receivable | 379,164 |
| Prepaid Expenses | 21,650 |
| Inventories | 2,685 |
| Capital Assets, Not Depreciated | 1,308,614 |
| Capital Assets, Depreciated, Net of Accumulated Depreciation | <u>25,203,940</u> |
| TOTAL ASSETS | <u>39,215,275</u> |
| DEFERRED OUTFLOWS OF RESOURCES | |
| Related to Pensions | 2,548,659 |
| Related to OPEB | <u>32,048</u> |
| TOTAL DEFERRED OUTFLOWS OF RESOURCES | <u>2,580,707</u> |
| LIABILITIES | |
| Accounts Payable | 817,677 |
| Accrued Salaries and Benefits | 333,869 |
| Accrued Interest Payable | 43,771 |
| Unearned Revenue | 7,744 |
| Noncurrent Liabilities | |
| Due Within One Year | 462,318 |
| Due in More Than One Year | 14,064,534 |
| Compensated Absences and Early Retirement | 210,385 |
| Net Pension Liability | 8,746,611 |
| Net OPEB Liability | <u>211,196</u> |
| TOTAL LIABILITIES | <u>24,898,105</u> |
| DEFERRED INFLOWS OF RESOURCES | |
| Related to Pensions | 571,977 |
| Related to OPEB | <u>83,675</u> |
| TOTAL DEFERRED INFLOWS OF RESOURCES | <u>655,652</u> |
| NET POSITION | |
| Net Investment in Capital Assets | 11,954,249 |
| Restricted for Emergencies | 195,170 |
| Restricted for Debt Service | 2,161,129 |
| Unrestricted | <u>1,931,677</u> |
| TOTAL NET POSITION | <u>\$ 16,242,225</u> |

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

OURAY COUNTY SCHOOL DISTRICT NO. R-2

STATEMENT OF ACTIVITIES
Year Ended June 30, 2024

| FUNCTIONS/PROGRAMS | EXPENSES | PROGRAM REVENUES | | | NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION |
|----------------------------------|------------------|-------------------------|--|--|--|
| | | CHARGES FOR SERVICES | OPERATING GRANTS AND CONTRIBUTIONS | CAPITAL GRANTS AND CONTRIBUTIONS | GOVERNMENTAL ACTIVITIES |
| PRIMARY GOVERNMENT | | | | | |
| Governmental Activities | | | | | |
| Instruction | \$ 4,579,355 | \$ - | \$ - | \$ - | \$ (4,579,355) |
| Supporting Services | 3,811,443 | 373,632 | 747,435 | 1,605,966 | (1,084,410) |
| Interest and Fiscal Charges | 384,028 | - | - | - | (384,028) |
| Total Governmental Activities | <u>8,774,826</u> | <u>373,632</u> | <u>747,435</u> | <u>1,605,966</u> | <u>(6,047,793)</u> |
| GENERAL REVENUES | | | | | |
| | | | | | 5,648,090 |
| | | | | | 439,087 |
| | | | | | 1,426,403 |
| | | | | | 7,732 |
| | | | | | <u>463,058</u> |
| | | | | | <u>7,984,370</u> |
| | | | | | 1,936,577 |
| | | | | | <u>14,305,648</u> |
| | | | | | <u>\$ 16,242,225</u> |

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

OURAY COUNTY SCHOOL DISTRICT NO. R-2

BALANCE SHEET
GOVERNMENTAL FUNDS

June 30, 2024

| | GENERAL FUND | BOND REDEMPTION DEBT SERVICE FUND | BUILDING FUND | NONMAJOR GOVERNMENTAL FUNDS | TOTAL GOVERNMENTAL FUNDS |
|--|---------------------|--|---------------------|-----------------------------------|--------------------------------|
| ASSETS | | | | | |
| Cash and Investments | \$ 4,681,948 | \$ - | \$ - | \$ 506,258 | \$ 5,188,206 |
| Restricted Cash and Investments | - | 2,108,003 | 4,973,975 | - | 7,081,978 |
| Cash Held With Fiscal Agent | 22,843 | 6,195 | - | - | 29,038 |
| Due From Other Funds | 43,737 | - | 429,423 | - | 473,160 |
| Taxes Receivable | 299,142 | 80,022 | - | - | 379,164 |
| Prepaid Expenditures | 4,900 | - | - | 16,750 | 21,650 |
| Inventory | - | - | - | 2,685 | 2,685 |
| TOTAL ASSETS | \$ 5,052,570 | \$ 2,194,220 | \$ 5,403,398 | \$ 525,693 | \$ 13,175,881 |
| LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES | | | | | |
| LIABILITIES | | | | | |
| Accounts Payable | \$ 112,271 | \$ - | \$ 700,720 | \$ 4,686 | \$ 817,677 |
| Due To Other Funds | 429,423 | - | - | 43,737 | 473,160 |
| Accrued Salaries and Benefits | 328,966 | - | - | 4,903 | 333,869 |
| Unearned Revenue | 7,744 | - | - | - | 7,744 |
| TOTAL LIABILITIES | 878,404 | - | 700,720 | 53,326 | 1,632,450 |
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| Deferred Property Tax Revenues | 125,794 | 33,091 | - | - | 158,885 |
| FUND BALANCES | | | | | |
| Nonspendable | 4,900 | - | - | 19,435 | 24,335 |
| Restricted for Emergencies | 195,170 | - | - | - | 195,170 |
| Restricted for Debt Service | - | 2,161,129 | - | - | 2,161,129 |
| Restricted for Grants | - | - | - | 60,961 | 60,961 |
| Committed for Capital Projects | - | - | - | 129,433 | 129,433 |
| Assigned | - | - | 4,702,678 | 262,538 | 4,965,216 |
| Unassigned | 3,848,302 | - | - | - | 3,848,302 |
| TOTAL FUND BALANCES | 4,048,372 | 2,161,129 | 4,702,678 | 472,367 | 11,384,546 |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | \$ 5,052,570 | \$ 2,194,220 | \$ 5,403,398 | \$ 525,693 | \$ 13,175,881 |

OURAY COUNTY SCHOOL DISTRICT NO. R-2

RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION

June 30, 2024

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

| | |
|---|---------------|
| Total fund balances of governmental funds | \$ 11,384,546 |
|---|---------------|

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

| | | |
|---------------------------------|--------------------|------------|
| Capital Assets, Not Depreciated | 1,308,614 | |
| Capital Assets, Depreciated | 32,628,032 | |
| Accumulated Depreciation | <u>(7,424,092)</u> | 26,512,554 |

| | |
|--|---------|
| Other long-term assets are not available to pay for current-period expenditures, and therefore, are deferred in the funds. | 158,885 |
|--|---------|

Long-term liabilities and related assets are not due and payable in the current period and, therefore, are not reported in the funds.

| | | |
|--------------------------|------------------|--------------|
| Compensated Absences | (222,703) | |
| Accrued Interest Payable | (43,771) | |
| Bonds Payable | (12,100,000) | |
| Bond Premium | (2,414,534) | |
| Net Pension Liability | (8,746,611) | |
| Net OPEB Liability | <u>(211,196)</u> | (23,738,815) |

Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.

| | | |
|--|-----------------|------------------|
| Deferred outflows of resources - Related to Pensions | 2,548,659 | |
| Deferred outflows of resources - Related to OPEB | 32,048 | |
| Deferred inflows of resources - Related to Pensions | (571,977) | |
| Deferred inflows of resources - Related to OPEB | <u>(83,675)</u> | <u>1,925,055</u> |

| | |
|---|----------------------|
| Net position of governmental activities | <u>\$ 16,242,225</u> |
|---|----------------------|

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

OURAY COUNTY SCHOOL DISTRICT NO. R-2

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

Year Ended June 30, 2024

| | GENERAL FUND | GRANT FUND | BOND REDEMPTION DEBT SERVICE FUND | CAPITAL PROJECTS FUND |
|---|---------------------|---------------|--|-----------------------------|
| REVENUES | | | | |
| Local Sources | \$ 5,341,185 | \$ - | \$ 1,384,182 | \$ - |
| State Sources | 1,641,385 | - | - | - |
| Federal Sources | - | - | - | - |
| TOTAL REVENUES | 6,982,570 | - | 1,384,182 | - |
| EXPENDITURES | | | | |
| Current | | | | |
| Instruction | 3,455,856 | - | - | - |
| Supporting Services | 2,536,661 | - | 1,701 | - |
| Capital Outlay | 65,813 | - | - | - |
| Debt Service | | | | |
| Principal | - | - | 735,000 | - |
| Interest | - | - | 536,688 | - |
| TOTAL EXPENDITURES | 6,058,330 | - | 1,273,389 | - |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | 924,240 | - | 110,793 | - |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers In | 182,771 | - | - | - |
| Transfers (Out) | (828,077) | - | (182,771) | - |
| TOTAL OTHER FINANCING SOURCES (USES) | (645,306) | - | (182,771) | - |
| NET CHANGE IN FUND BALANCES | 278,934 | - | (71,978) | - |
| FUND BALANCES, as previously reported | 3,769,438 | 19,862 | 2,233,107 | 56,948 |
| Adjustments-change from major to nonmajor funds | - | (19,862) | - | (56,948) |
| FUND BALANCES, Beginning | 3,769,438 | - | 2,233,107 | - |
| FUND BALANCES, Ending | \$ 4,048,372 | \$ - | \$ 2,161,129 | \$ - |

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

| BUILDING FUND | NONMAJOR GOVERNMENTAL FUNDS | TOTAL GOVERNMENTAL FUNDS |
|------------------|-----------------------------------|--------------------------------|
| \$ 266,973 | \$ 249,793 | \$ 7,242,133 |
| 1,564,867 | 84,991 | 3,291,243 |
| - | 123,984 | 123,984 |
| 1,831,840 | 458,768 | 10,657,360 |
| - | 249,309 | 3,705,165 |
| 423,243 | 183,479 | 3,145,084 |
| 4,175,689 | 782,577 | 5,024,079 |
| - | - | 735,000 |
| - | - | 536,688 |
| 4,598,932 | 1,215,365 | 13,146,016 |
| (2,767,092) | (756,597) | (2,488,656) |
| - | 828,077 | 1,010,848 |
| - | - | (1,010,848) |
| - | 828,077 | - |
| (2,767,092) | 71,480 | (2,488,656) |
| 7,469,770 | 324,077 | 13,873,202 |
| - | 76,810 | - |
| 7,469,770 | 400,887 | 13,873,202 |
| \$ 4,702,678 | \$ 472,367 | \$ 11,384,546 |

OURAY COUNTY SCHOOL DISTRICT NO. R-2

RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES

Year Ended June 30, 2024

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

Net change in fund balances - total governmental funds \$ (2,488,656)

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expense in the statement of activities.

| | | |
|----------------------------|------------------|-----------|
| Capital Outlay | 4,808,811 | |
| Depreciation | (877,883) | |
| Loss on Disposal of Assets | <u>(342,820)</u> | 3,588,108 |

Revenues that do not provide current financial resources are deferred in the governmental fund financial statements but are recognized in the government-wide financial statements. 36,091

Some expenses reported in the statement of activities do not require current financial resources and are not reported in the funds.

| | | |
|-------------------------------------|-----------------|---------|
| Bond Principal Payments | 735,000 | |
| Amortization of Bond Premium | 150,504 | |
| Changes in Accrued Interest Payable | 2,156 | |
| Changes in Compensated Absences | <u>(36,649)</u> | 851,011 |

Deferred Charges related to pensions and OPEB are not recognized in the governmental funds. However, for the government-wide funds those amounts are capitalized and amortized.

| | | |
|--|---------------|-----------------|
| Deferred charges related to Pension Plan | (94,914) | |
| Deferred charges related to OPEB | <u>44,937</u> | <u>(49,977)</u> |

Change in net position of governmental activities \$ 1,936,577

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

OURAY COUNTY SCHOOL DISTRICT NO. R-2
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Ouray County School District No. R-2 (the “District”) conform to generally accepted accounting principles as applicable to governmental units. The District is a political subdivision of the State of Colorado and is governed by a board of five members, elected by the citizens of Ouray County residing within the District boundaries. Following is a summary of the more significant policies:

Reporting Entity

The financial reporting entity consists of the District and organizations for which the District is financially accountable. All funds, organizations, institutions, agencies, departments, and offices that are not legally separate are part of the District. In addition, any legally separate organizations for which the District is financially accountable are considered part of the reporting entity. Financial accountability exists if the District appoints a voting majority of the organization’s governing board and is able to impose its will on the organization, or if the organization provides benefits to, or imposes financial burdens on the District.

Based upon the application of these criteria, no additional organizations are includable within the District’s reporting entity.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the District is financially accountable.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

OURAY COUNTY SCHOOL DISTRICT NO. R-2
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

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

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

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

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

Property taxes, specific ownership taxes, grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

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

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

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

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

The *Bond Redemption Debt Service Fund* is the fund that accounts for the repayment of the District's general obligation debt.

OURAY COUNTY SCHOOL DISTRICT NO. R-2
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

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

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

The *Building Fund* is the fund that accounts for the District's capital projects financed in part by BEST grant funds.

Assets, Liabilities, and Fund Balance/Net Position

Cash and Investments – The District considers cash and cash equivalents to be all demand deposits as well as short-term investments with a maturity date of three months or less. Investments are stated at fair value.

Receivables – All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

Inventories – Inventories in the governmental funds are valued using the purchase method. Under this method, inventories are recorded as expenditures when purchased. A physical inventory is taken annually at June 30th in the Food Service Fund. Purchased commodities and supplies are valued at cost using the first-in, first-out (FIFO) method. United States Department of Agriculture commodity inventories are valued using Federal Guidelines.

Due To and Due From Other Funds - Interfund balances arise from transactions that are recorded by all funds affected in the period in which transactions are executed.

Capital Assets – Capital assets, which include property and equipment, are reported in the applicable governmental or business-type activities columns 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 one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed.

OURAY COUNTY SCHOOL DISTRICT NO. R-2
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Donated capital assets are recorded at estimated acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Property and equipment of the District is depreciated using the straight-line method over the following estimated useful lives.

| | |
|----------------------------|-------------|
| Buildings and Improvements | 15-40 years |
| Vehicles and Equipment | 4-25 years |

Unearned Revenues – The unearned revenues include amounts received but not yet available for expenditure.

Accrued Salaries and Benefits – Salaries and benefits of certain contractually employed personnel are paid over a twelve-month period from September to August but are earned during the school year of approximately nine to ten months. The salaries and benefits earned, but unpaid, as of June 30, 2024 are reported as a liability in the General and Food Service Funds.

Vacation, Sick Leave, and Other Compensated Absences – District employees are entitled to certain compensated absences in the form of sick leave, personal leave, and vacation based on their employment classification and length of employment. When an employee accumulates sick leave of at least 35 days, employees are deemed to be vested in the leave program and are therefore eligible to be paid unused sick leave upon separation of employment. Nonvested employees forfeit their accumulated sick leave upon separation of employment. Eligible District employees may accumulate up to 60 vacation days and are eligible to be paid their accumulated vacation days upon separation of employment. Employees who have accumulated sick and vacation leave in excess of 35 and 60 days, respectively, are paid out the excess leave days in July and October of the following fiscal year. Sick leave is paid out at the current substitute rate of pay and vacation leave is paid out at the employee’s current rate of pay.

These compensated absences are expensed when paid in the governmental fund types. A long-term liability in the amount of \$222,703 has been recorded in the government-wide statement of net position for the accrued compensated absences.

OURAY COUNTY SCHOOL DISTRICT NO. R-2
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

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

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

Deferred Outflows and Deferred Inflows of Resources – In addition 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 a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the statement of financial position and 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 a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Long-Term Debt – In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement on net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as current expenditures.

Property Taxes – Property taxes are levied on December 15 based on the assessed value of property as certified by the County Assessor on October 1. The property tax may be paid in total by April 30 or one-half payment by February 28 and the second half by June 15. The billings are considered due on these dates. The bill becomes delinquent, and penalties and interest may be assessed by the County Treasurer on the postmark day following these dates. The tax sale date is the first Thursday of November. Under Colorado Law, all property taxes become due and payable on January 1, in the year following that in which they are levied.

Net Position – The government-wide financial statements utilize a net position presentation. Net position is categorized as investment in capital assets, restricted, and unrestricted.

OURAY COUNTY SCHOOL DISTRICT NO. R-2
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

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

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

Investment in Capital Assets is intended to reflect the portion of net position which is associated with non-liquid, capital assets net of accumulated depreciation, less outstanding capital asset related debt. The net related debt is the debt less the outstanding liquid assets and any associated unamortized cost.

Restricted Net Position are liquid assets, which have third party limitations on their use.

Unrestricted Net Position represents assets that do not have any third-party limitation on their use. While District management may have categorized and segmented portions for various purposes, the District Board has the unrestricted right to revisit or alter these managerial decisions.

Fund Balance Classification – The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- Nonspendable – This classification includes amounts that cannot be spent either because they are not in a spendable form or because they are legally or contractually required to be maintained intact. The District reports prepaid expenses and inventory balances as nonspendable.

- Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The District has classified Emergency Reserves as being restricted because their use is restricted by State Statute for declared emergencies. In addition, the District has classified amounts held for debt service and grants as restricted as required by bond covenants and grant purposes, respectively.

OURAY COUNTY SCHOOL DISTRICT NO. R-2
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

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

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

- **Committed** – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Education. These amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The District reports the fund balance in the Capital Projects Fund as committed for capital projects.

- **Assigned** – This classification includes amounts the government intends to use for specific purposes that do not meet the criteria to be classified as restricted or committed. Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts that are classified as committed. The District has classified portions of the fund balances of the Building Fund, Food Service Fund, and Student Activities Fund as assigned because their use has been designated for a specific purpose by the District.

- **Unassigned** – This classification includes the residual fund balance that does not meet any of the above criteria for the General Fund. The Unassigned classification also includes the negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

The District would typically use restricted fund balances first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned fund balance.

Risk Management

The District carries commercial insurance for risks of loss, including worker’s compensation and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

Subsequent Events

The District has evaluated events subsequent to the year ended June 30, 2024 through December 16, 2024, the date these financial statements were issued, and has incorporated any required recognition into these financial statements.

OURAY COUNTY SCHOOL DISTRICT NO. R-2
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 2: CASH AND INVESTMENTS

Cash and investments at June 30, 2024 consist of the following:

| | |
|-------------|----------------------|
| Deposits | \$ 5,509,337 |
| Investments | <u>6,760,847</u> |
| Total | <u>\$ 12,270,184</u> |

The above amounts are classified in the statement of net position as follows:

| | |
|-------------------------------------|----------------------|
| Cash and Investments - Unrestricted | \$ 5,188,206 |
| Cash and Investments - Restricted | <u>7,081,978</u> |
| | <u>\$ 12,270,184</u> |

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government’s deposits may not be returned to it. The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. At June 30, 2024, State regulatory commissioners have indicated that all financial institutions holding deposits for the District are eligible public depositories. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits.

The District has no policy regarding custodial credit risk for deposits.

At June 30, 2024, the District had deposits with financial institutions with a carrying amount of \$5,509,337. The bank balances with the financial institutions were \$5,337,864. Of these balances, \$500,000 was covered by federal depository insurance and \$4,837,864 was covered by collateral held by authorized escrow agents in the financial institutions name (PDPA).

Investments

Interest Rate Risk

The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

OURAY COUNTY SCHOOL DISTRICT NO. R-2
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 2: **CASH AND INVESTMENTS** (Continued)

Credit Risk

Colorado statutes specify in which instruments the units of local government may invest which includes:

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

Local Government Investment Pools

At June 30, 2024 the District had invested \$6,760,847 in the Colorado Government Liquid Asset Trust (ColoTrust) which has a credit rating of AAAm by Standard and Poor's. ColoTrust is an investment vehicle established for local government entities in Colorado to pool surplus funds and is regulated by the State Securities Commissioner. It operates similarly to a money market fund and each share is equal in value to \$1.00. (Net Asset Value) Investments consist of U.S. Treasury and U.S. Agency securities, and repurchase agreements collateralized by U.S. Treasury and U.S. Agency securities. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. Substantially all securities owned are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by the entities.

ColoTrust is not a 2a7-like external investment pool. The unit of account is each share held, and the value of the position would be the fair value of the pool's share price multiplied by the number of shares held. The government-investor does not "look through" the pool to report a pro rata share of the pool's investments, receivables, and payables. The District's investments are measured at Net Asset Value.

Restricted Cash

At June 30, 2024, cash, and investments in the amount of \$2,108,003 are restricted in the Bond Redemption Debt Service Fund for debt service requirements and \$4,973,975 is restricted in the Building Fund for capital expenditures.

OURAY COUNTY SCHOOL DISTRICT NO. R-2
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 3: CAPITAL ASSETS

| | Balance 7/1/2023 | Additions | Deletions | Balance 6/30/2024 |
|---|----------------------|----------------------|----------------------|----------------------|
| Governmental Activities | | | | |
| Capital Assets, Not Depreciated | | | | |
| Land | \$ 554,431 | \$ - | \$ - | \$ 554,431 |
| Construction in Progress | 13,273,831 | 754,183 | 13,273,831 | 754,183 |
| Total Capital Assets, Not Depreciated | <u>13,828,262</u> | <u>754,183</u> | <u>13,273,831</u> | <u>1,308,614</u> |
| Capital Asset, Being Depreciated | | | | |
| Buildings and Improvements | 16,095,639 | 17,037,108 | 1,512,574 | 31,620,173 |
| Equipment | 285,527 | 34,744 | 55,863 | 264,408 |
| Transportation Equipment | 526,128 | 256,607 | 39,284 | 743,451 |
| Total Capital Assets, Being Depreciated | <u>16,907,294</u> | <u>17,328,459</u> | <u>1,607,721</u> | <u>32,628,032</u> |
| Accumulated Depreciation | | | | |
| Buildings and Improvements | 7,253,042 | 816,731 | 1,197,437 | 6,872,336 |
| Equipment | 193,438 | 14,034 | 55,863 | 151,609 |
| Transportation Equipment | 364,630 | 47,118 | 11,601 | 400,147 |
| Total Depreciation | <u>7,811,110</u> | <u>877,883</u> | <u>1,264,901</u> | <u>7,424,092</u> |
| Net Capital Assets, Depreciated | <u>9,096,184</u> | <u>16,450,576</u> | <u>342,820</u> | <u>25,203,940</u> |
| Net Capital Assets | <u>\$ 22,924,446</u> | <u>\$ 17,204,759</u> | <u>\$ 13,616,651</u> | <u>\$ 26,512,554</u> |

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

| | |
|--------------------------------|-------------------|
| Governmental Activities | |
| Instruction | \$ 793,482 |
| Supporting Services | <u>84,401</u> |
| Total | <u>\$ 887,883</u> |

OURAY COUNTY SCHOOL DISTRICT NO. R-2
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 4: LONG-TERM DEBT

The following is a summary of the District’s long-term debt transactions for the year ended June 30, 2024:

| | Balance 7/1/2023 | Additions | Payments | Balance 6/30/2024 | Due In One Year |
|-----------------------|----------------------|---------------------|-------------------|----------------------|--------------------|
| 2008 G.O. Bonds | \$ 150,000 | \$ - | \$ 150,000 | \$ - | \$ - |
| 2008 Premium | 1,925 | - | 1,925 | - | - |
| 2012 G.O. Bonds | 585,000 | - | 585,000 | - | - |
| 2012 Premium | 6,547 | - | 6,547 | - | - |
| 2021 G.O. Bonds | 12,100,000 | - | - | 12,100,000 | 450,000 |
| 2021 Premium | 2,556,566 | - | 142,032 | 2,414,534 | - |
| Compensated Absence | 186,054 | 36,649 | - | 222,703 | 12,318 |
| Net Pension Liability | 7,028,470 | 1,718,141 | - | 8,746,611 | - |
| Net OPEB Liability | 238,846 | - | 27,650 | 211,196 | - |
| Total | \$ 22,853,408 | \$ 1,754,790 | \$ 913,154 | \$ 23,695,044 | \$ 462,318 |

2008 General Obligation Bonds

In January 2008, the District issued General Obligation Bonds, Series 2008, in the amount of \$2,200,000. Proceeds of the bonds were used to finance the cost of acquisition, construction, and equipment improvements at District facilities. The bonds carried interest rates ranging from 3.0% to 5.5%. Semi-annual interest payments were due on June 1 and December 1 of each year. Principal payments on the bonds were due on December 1 through 2024. Payments were made through the District’s Bond Redemption Debt Service Fund. During the year ended June 30, 2024, these bonds were paid in full.

2012 General Obligation Bonds

On March 22, 2012, the District issued General Obligation Bonds, Series 2012, in the amount of \$5,470,000. Proceeds of the bonds were used to refund a portion of the District’s outstanding 2004 General Obligation Bonds. The bonds carried interest rates ranging from 2.0% to 2.5%. Semi-annual interest payments were due on June 1 and December 1 of each year. Principal payments on the bonds were due on December 1 through 2024. Payments were made through the District’s Bond Redemption Debt Service Fund. During the year ended June 30, 2024, these bonds were paid in full.

OURAY COUNTY SCHOOL DISTRICT NO. R-2
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 4: **LONG-TERM DEBT** (Continued)

2021 General Obligation Bonds

On December 16, 2021, the District issued General Obligation Bonds, Series 2021, in the amount of \$12,100,000. Proceeds of the bonds are used for the construction, renovation, and equipment improvements at the District’s elementary school, as approved by voters at the November 21, 2021 elections. The bonds carry interest rates ranging from 3.0% to 5.0%. Semi-annual interest payments are due on June 1 and December 1 of each year. Principal payments on the bonds are due on December 1 starting in 2025 through 2042. At June 30, 2024, \$12,100,000 was outstanding on these bonds.

Annual debt service requirements on all outstanding bonds are as follows:

| <u>Year Ended June 30,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|----------------------------|----------------------|---------------------|----------------------|
| 2025 | \$ 450,000 | \$ 514,000 | \$ 964,000 |
| 2026 | 475,000 | 490,875 | 965,875 |
| 2027 | 495,000 | 466,625 | 961,625 |
| 2028 | 520,000 | 446,450 | 966,450 |
| 2029 | 540,000 | 430,550 | 970,550 |
| 2030-2034 | 3,060,000 | 1,744,750 | 4,804,750 |
| 2035-2039 | 3,850,000 | 943,325 | 4,793,325 |
| 2040-2042 | 2,710,000 | 165,400 | 2,875,400 |
| Total | <u>\$ 12,100,000</u> | <u>\$ 5,201,975</u> | <u>\$ 17,301,975</u> |

Compensated Absences

Compensated absences in the amount of \$222,703 are expected to be liquidated with revenues of the General Fund.

NOTE 5: **INTERFUND BALANCES AND TRANSFERS**

At June 30, 2024 the General Fund owed \$429,423 to the Building Fund for expenditures paid by the Building Fund on the General Fund’s behalf. The Student Activities Fund owed \$43,737 to the General Fund for expenditures paid by the General Fund on the Student Activities Fund’s behalf.

During the year ended June 30, 2024, the General Fund transferred \$814,741 to the Capital Projects Fund and \$13,336 to the Food Service Fund to support the operations of those funds. The Bond Redemption Debt Service Fund transferred \$182,771 in excess funds to the General Fund.

OURAY COUNTY SCHOOL DISTRICT NO. R-2
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 6: DEFINED BENEFIT PENSION PLAN

Summary of Significant Accounting Policies

Pensions. 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.

General Information about the 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 annual comprehensive financial report (ACFR) that can be obtained at www.copera.org/investments/pera-financial-reports.

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

OURAY COUNTY SCHOOL DISTRICT NO. R-2
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 6: **DEFINED BENEFIT PENSION PLAN** (Continued)

General Information about the Pension Plan (Continued)

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

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

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

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

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

Contributions provisions as of June 30, 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.

OURAY COUNTY SCHOOL DISTRICT NO. R-2
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2024

NOTE 6: DEFINED BENEFIT PENSION PLAN (Continued)

General Information about the Pension Plan (Continued)

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 \$681,535 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.

OURAY COUNTY SCHOOL DISTRICT NO. R-2
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 6: DEFINED BENEFIT PENSION PLAN (Continued)

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, 2023, and the total pension liability (TPL) 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 TPL to December 31, 2023. District’s proportion of the net pension liability was based on the District’s contributions to the SCHDTF for the calendar year 2023 relative to the total contributions of participating employers and the State as a nonemployer contributing entity.

At June 30, 2024 the District reported a liability of \$8,746,611 for its proportionate share of the net pension liability that reflected an increase for support from the State as a nonemployer contributing entity. The amount recognized by the 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 | \$ 8,746,611 |
| The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the School | \$ 191,787 |
| Total | \$ 8,938,398 |

At December 31, 2023, the District’s proportion was 0.0495%, which was an increase of 0.0108% from its proportion measured as of December 31, 2022.

For the year ended June 30, 2024, the District recognized pension expense of \$794,401 and revenue of \$14,612 for support from the State as a nonemployer contributing entity. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

OURAY COUNTY SCHOOL DISTRICT NO. R-2
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 6: DEFINED BENEFIT PENSION PLAN (Continued)

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

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---|---|--|
| Difference between expected and actual experience | \$ 414,755 | \$ - |
| Changes in assumptions and other inputs | \$ - | \$ - |
| Net difference between projected and actual earnings on pension plan investments | \$ 626,996 | \$ - |
| Changes in proportion between contributions recognized and proportionate share of contributions | \$ 1,160,665 | \$ 571,977 |
| Contributions subsequent to the measurement date | \$ 346,243 | \$ - |
| Total | \$ 2,548,659 | \$ 571,977 |

\$346,243 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 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 | \$ 224,742 |
| 2026 | \$ 830,531 |
| 2027 | \$ 749,989 |
| 2028 | \$ (174,823) |

OURAY COUNTY SCHOOL DISTRICT NO. R-2
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2024

NOTE 6: DEFINED BENEFIT PENSION PLAN (Continued)

Actuarial assumptions

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

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

OURAY COUNTY SCHOOL DISTRICT NO. R-2
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 6: **DEFINED BENEFIT PENSION PLAN** (Continued)

Actuarial assumptions (Continued)

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

The actuarial assumptions used in the December 31, 2022, valuation were based on the 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 regularly scheduled experience studies prepared 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:

OURAY COUNTY SCHOOL DISTRICT NO. R-2
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2024

NOTE 6: DEFINED BENEFIT PENSION PLAN (Continued)

Actuarial assumptions (Continued)

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

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

Discount rate

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

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

OURAY COUNTY SCHOOL DISTRICT NO. R-2
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 6: **DEFINED BENEFIT PENSION PLAN** (Continued)

Discount rate (Continued)

- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the scheduled increase in SB 18-200 and required adjustments resulting from the 2018 and 2020 AAP assessments. Employer contributions also include current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103%, at which point the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions reflect reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- As specified in law, the State, as a nonemployer contributing entity, will provide an annual direct distribution of \$225 million 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.

OURAY COUNTY SCHOOL DISTRICT NO. R-2
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2024

NOTE 6: DEFINED BENEFIT PENSION PLAN (Continued)

Discount rate (Continued)

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 pension 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 | \$11,695,674 | \$8,746,611 | \$6,287,450 |

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

OURAY COUNTY SCHOOL DISTRICT NO. R-2
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 7 **DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN**

Summary of Significant Accounting Policies

OPEB. 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 of resources and deferred inflows of resources related to OPEB, OPEB expense, information about the fiduciary net position (FNP) and additions to/deductions from the FNP of the HCTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefits paid on behalf of health care participants are recognized when due and/or payable in accordance with the benefit terms. Investments are reported at fair value.

General Information about the OPEB Plan

Plan description. Eligible employees of the 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, and sets forth a framework that grants authority to the PERA Board to contract, self-insure, and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of the premium subsidies. Colorado State law provisions may be amended by the Colorado General Assembly. PERA issues a publicly available annual comprehensive financial report (ACFR) that can be obtained at www.copera.org/investments/pera-financial-reports.

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

OURAY COUNTY SCHOOL DISTRICT NO. R-2
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 7: **DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN** (Continued)

General Information about the OPEB Plan (Continued)

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

PERA Benefit Structure

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

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

OURAY COUNTY SCHOOL DISTRICT NO. R-2
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 7: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

General Information about the OPEB Plan (Continued)

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

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 the District were \$34,110 for the year ended Jun 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 \$211,196 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. District's proportion of the net OPEB liability was based on the District's 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's proportion was 0.0296%, which was an increase of 0.0003% from its proportion measured as of December 31, 2022.

For the year ended June 30, 2024, the District recognized OPEB expense of (\$10,827). At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

OURAY COUNTY SCHOOL DISTRICT NO. R-2
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 7: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

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

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---|---|--|
| Difference between expected and actual experience | \$ - | \$ 43,287 |
| Changes in assumptions and other inputs | \$ 2,484 | \$ 22,394 |
| Net difference between projected and actual earnings on OPEB plan investments | \$ 6,532 | \$ - |
| Changes in proportion between contributions recognized and proportionate share of contributions | \$ 5,703 | \$ 17,994 |
| Contributions subsequent to the measurement date | \$ 17,329 | \$ - |
| Total | \$ 32,048 | \$ 83,675 |

\$17,329 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 | \$ (31,363) |
| 2026 | \$ (16,189) |
| 2027 | \$ (8,262) |
| 2028 | \$ (10,412) |
| 2029 | \$ (2,376) |
| Thereafter | \$ (354) |

OURAY COUNTY SCHOOL DISTRICT NO. R-2
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2024

NOTE 7: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

Actuarial assumptions

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

| | School 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 | 3.40%-11.00% |
| Safety Officers | 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% |
| | 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 |

¹ UnitedHealthcare MAPD PPO plans are 0% for 2023.

OURAY COUNTY SCHOOL DISTRICT NO. R-2
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2024

NOTE 7: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

Actuarial assumptions (Continued)

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 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 |

OURAY COUNTY SCHOOL DISTRICT NO. R-2
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2024

NOTE 7: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

Actuarial assumptions (Continued)

| 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.

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.

OURAY COUNTY SCHOOL DISTRICT NO. R-2
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2024

NOTE 7: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

Actuarial assumptions (Continued)

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

| Year | PERACare Medicare Plans | Medicare Part A Premiums |
|-------|-------------------------------|--------------------------------|
| 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.

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.

OURAY COUNTY SCHOOL DISTRICT NO. R-2
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 7: **DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN** (Continued)

Actuarial assumptions (Continued)

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.

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.

OURAY COUNTY SCHOOL DISTRICT NO. R-2
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 7: **DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN** (Continued)

Actuarial assumptions (Continued)

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.

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.

OURAY COUNTY SCHOOL DISTRICT NO. R-2
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2024

NOTE 7: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

Actuarial assumptions (Continued)

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

OURAY COUNTY SCHOOL DISTRICT NO. R-2
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2024

NOTE 7: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

Actuarial assumptions (Continued)

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

| | 1% Decrease in Trend Rates | Current Trend Rates | 1% Increase in Trend Rates |
|---|-------------------------------|------------------------|-------------------------------|
| Initial PERACare Medicare trend rate ¹ | 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 | \$205,134 | \$211,196 | \$217,789 |

¹For the January 1, 2024, plan year.

Discount rate

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

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 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.

OURAY COUNTY SCHOOL DISTRICT NO. R-2
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 7: **DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN** (Continued)

Discount rate (Continued)

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

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

OURAY COUNTY SCHOOL DISTRICT NO. R-2
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2024

NOTE 7: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

Discount rate (Continued)

| | 1% Decrease (6.25%) | Current Discount Rate (7.25%) | 1% Increase (8.25%) |
|---|------------------------|-------------------------------------|------------------------|
| Proportionate share of the net OPEB liability | \$249,448 | \$211,196 | \$178,470 |

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.

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OURAY COUNTY SCHOOL DISTRICT NO. R-2
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 8: COMMITMENTS AND CONTINGENCIES

BEST Grant

In December 2018, the District was awarded the Building Excellent Schools Today (BEST) grant in the amount of \$7,666,232. The grant funds are being used in conjunction with the \$12,100,000 General Obligation Bonds, Series 2021 to provide funding for the construction, renovation, and equipment improvements at the District's elementary school. The capital project was completed during the fiscal year ended June 30, 2024.

Claims and Judgments

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

Tabor Amendment

In November 1992, Colorado voters passed an amendment to the State Constitution, Article X, Section 20 (the "Tabor Amendment"), which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local government.

The Tabor Amendment is complex and subject to judicial interpretations. The District believes it has complied with the Amendment.

The District has established a reserve, representing 3% of qualifying expenditures, as required by the Amendment. At June 30, 2024, the emergency reserve of \$195,170 was reported as a restriction of net position and fund balance in the Governmental Activities and General Fund, respectively.

OURAY COUNTY SCHOOL DISTRICT NO. R-2
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 9: JOINT VENTURE

The District is a member of the Uncompahgre Board of Cooperative Services (BOCS), a joint venture of several local school districts. The BOCS is governed by a board formed of one board member from each member district. The participants oversee budgeting and finance of the BOCS. Financial statements of the BOCS may be obtained from the BOCS administration offices at: PO Box 728, 1115 W Clinton St., Ridgway, CO 81432 or from their website: <http://www.unboces.org//>

NOTE 10: RESTATEMENT OF BEGINNING BALANCES

During the fiscal year ended June 30, 2024, the District's Grants Fund and Capital Projects Fund are no longer required to be reported as major funds on the District's financial statements. As a result, the District's beginning fund balances in the combining statement of revenues, expenditures, and changes in fund balances – non major governmental funds were restated as follows:

| | |
|---|------------------|
| Combining statement of revenues, expenditures, and changes in fund balances- nonmajor funds, originally presented at June 30, 2023: | \$324,077 |
| Adjustment to add the beginning fund balances of the Grants Fund and the Capital Reserve Fund fund balances at June 30, 2023 | <u>\$ 76,810</u> |
| Combining statement of revenues, expenditures, and changes in fund balances- nonmajor fund, revised at June 30, 2023: | <u>\$400,887</u> |

REQUIRED SUPPLEMENTARY INFORMATION

OURAY COUNTY SCHOOL DISTRICT NO. R-2

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

Year Ended June 30, 2024

| | ORIGINAL BUDGET | FINAL BUDGET | ACTUAL | VARIANCE Positive (Negative) | 2023 ACTUAL |
|----------------------------------|--------------------|------------------|------------------|------------------------------------|------------------|
| REVENUES | | | | | |
| Local Sources | | | | | |
| Property Taxes | \$ 3,800,897 | \$ 4,438,581 | \$ 4,417,566 | \$ (21,015) | \$ 3,295,386 |
| Specific Ownership Taxes | 189,570 | 199,688 | 342,577 | 142,889 | 337,951 |
| Impact Fees | - | - | 6,085 | 6,085 | - |
| Tuition | 234,750 | 337,000 | 368,008 | 31,008 | 258,379 |
| Earnings on Investments | 50,000 | 90,000 | 104,493 | 14,493 | 68,133 |
| Ouray School District | - | - | - | - | 70,868 |
| All Other Local Revenue Codes | 54,132 | 103,632 | 102,456 | (1,176) | 61,100 |
| Total Local Sources | 4,329,349 | 5,168,901 | 5,341,185 | 172,284 | 4,091,817 |
| State and Federal Sources | | | | | |
| State Equalization | 2,063,013 | 1,426,405 | 1,426,403 | (2) | 2,236,422 |
| Transportation | 48,240 | 48,240 | 53,136 | 4,896 | 50,155 |
| Rural Schools Funding | 120,000 | 125,824 | 125,825 | 1 | 147,119 |
| PERA on Behalf Contribution | 67,650 | 174,656 | 14,612 | (160,044) | 174,656 |
| All Other State Revenue | 27,111 | 54,377 | 21,409 | (32,968) | 108,068 |
| Federal Sources | - | - | - | - | 3,377 |
| Total Federal Sources | 2,326,014 | 1,829,502 | 1,641,385 | (188,117) | 2,719,797 |
| TOTAL REVENUES | 6,655,363 | 6,998,403 | 6,982,570 | (15,833) | 6,811,614 |
| EXPENDITURES | | | | | |
| Instruction | | | | | |
| Salaries | 2,285,424 | 2,359,038 | 2,307,920 | 51,118 | 2,116,008 |
| Employee Benefits | 878,102 | 995,259 | 830,209 | 165,050 | 899,131 |
| Purchased Services | 242,393 | 253,958 | 262,719 | (8,761) | 270,317 |
| Supplies and Materials | 70,951 | 80,396 | 50,750 | 29,646 | 43,683 |
| Property | 17,532 | 17,400 | 11,306 | 6,094 | 11,200 |
| Other Objects and Uses | 4,500 | 4,500 | 4,258 | 242 | 2,258 |
| Total Instruction | 3,498,902 | 3,710,551 | 3,467,162 | 243,389 | 3,342,597 |

(Continued)

See the accompanying independent auditor's report.

OURAY COUNTY SCHOOL DISTRICT NO. R-2

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

Year Ended June 30, 2024

| | ORIGINAL BUDGET | FINAL BUDGET | ACTUAL | VARIANCE Positive (Negative) | 2023 ACTUAL |
|------------------------------|--------------------|-----------------|---------|------------------------------------|----------------|
| EXPENDITURES (Continued) | | | | | |
| Supporting Services | | | | | |
| Students | | | | | |
| Salaries | 233,548 | 223,295 | 211,506 | 11,789 | 126,602 |
| Employee Benefits | 71,546 | 68,182 | 76,635 | (8,453) | 43,209 |
| Purchased Services | 5,000 | 5,000 | 3,772 | 1,228 | 4,056 |
| Supplies and Materials | 1,800 | 2,150 | 2,240 | (90) | 1,049 |
| Other Objects and Uses | 4,265 | 4,265 | 5,931 | (1,666) | 1,043 |
| Total Students | 316,159 | 302,892 | 300,084 | 2,808 | 175,959 |
| Instructional Staff | | | | | |
| Salaries | 43,278 | 43,732 | 43,732 | - | 41,548 |
| Employee Benefits | 30,414 | 25,433 | 20,840 | 4,593 | 58,731 |
| Purchased Services | 17,000 | 17,800 | 12,360 | 5,440 | 5,044 |
| Supplies and Materials | 4,600 | 4,200 | 5,912 | (1,712) | 2,576 |
| Property | 650 | 650 | 526 | 124 | - |
| Other Objects and Uses | 100 | 100 | - | 100 | - |
| Total Instructional Staff | 96,042 | 91,915 | 83,370 | 8,545 | 107,899 |
| General Administration | | | | | |
| Salaries | 238,516 | 235,504 | 219,621 | 15,883 | 219,344 |
| Employee Benefits | 79,162 | 65,858 | 68,714 | (2,856) | 66,359 |
| Purchased Services | 69,651 | 66,700 | 39,941 | 26,759 | 25,415 |
| Supplies and Materials | 6,200 | 6,200 | 4,940 | 1,260 | 2,503 |
| Property | 20,501 | 20,511 | 19,597 | 914 | 16,049 |
| Other Objects and Uses | 9,800 | 10,200 | 8,258 | 1,942 | 9,891 |
| Total General Administration | 423,830 | 404,973 | 361,071 | 43,902 | 339,561 |
| School Administration | | | | | |
| Salaries | 271,842 | 270,171 | 256,561 | 13,610 | 257,764 |
| Employee Benefits | 129,460 | 124,855 | 111,888 | 12,967 | 108,574 |
| Purchased Services | 4,500 | 4,500 | 3,035 | 1,465 | 6,004 |
| Supplies and Materials | 12,500 | 12,526 | 12,891 | (365) | 2,545 |
| Property | 3,000 | 3,000 | 973 | 2,027 | 1,720 |
| Other Objects and Uses | 2,100 | 2,100 | 930 | 1,170 | 1,579 |
| Total School Administration | 423,402 | 417,152 | 386,278 | 30,874 | 378,186 |

(Continued)

See the accompanying independent auditor's report.

OURAY COUNTY SCHOOL DISTRICT NO. R-2

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

Year Ended June 30, 2024

| | ORIGINAL BUDGET | FINAL BUDGET | ACTUAL | VARIANCE Positive (Negative) | 2023 ACTUAL |
|----------------------------------|--------------------|-----------------|----------------|------------------------------------|----------------|
| EXPENDITURES (Continued) | | | | | |
| Supporting Services (Continued) | | | | | |
| Business Services | | | | | |
| Salaries | 56,340 | 45,140 | 45,139 | 1 | 40,056 |
| Employee Benefits | 19,344 | 18,601 | 15,822 | 2,779 | 13,878 |
| Purchased Services | 91,700 | 91,700 | 97,304 | (5,604) | 90,540 |
| Supplies and Materials | 1,500 | 1,500 | 369 | 1,131 | 350 |
| Other Objects and Uses | 220 | 220 | - | 220 | - |
| Total Business Services | <u>169,104</u> | <u>157,161</u> | <u>158,634</u> | <u>(1,473)</u> | <u>144,824</u> |
| Operations and Maintenance | | | | | |
| Salaries | 163,366 | 171,076 | 129,665 | 41,411 | 148,781 |
| Employee Benefits | 76,812 | 68,757 | 52,163 | 16,594 | 62,376 |
| Purchased Services | 204,570 | 261,069 | 237,311 | 23,758 | 188,239 |
| Supplies and Materials | 207,021 | 203,021 | 175,510 | 27,511 | 196,368 |
| Property | 3,000 | 23,500 | 20,595 | 2,905 | 925 |
| Total Operations and Maintenance | <u>654,769</u> | <u>727,423</u> | <u>615,244</u> | <u>112,179</u> | <u>596,689</u> |
| Student Transportation | | | | | |
| Salaries | 129,469 | 119,600 | 119,008 | 592 | 130,488 |
| Employee Benefits | 45,676 | 53,000 | 45,477 | 7,523 | 38,784 |
| Purchased Services | 58,700 | 60,213 | 71,711 | (11,498) | 77,149 |
| Supplies and Materials | 26,825 | 26,825 | 22,103 | 4,722 | 23,867 |
| Total Student Transportation | <u>260,670</u> | <u>259,638</u> | <u>258,299</u> | <u>1,339</u> | <u>270,288</u> |
| Central Support | | | | | |
| Salaries | 155,271 | 166,271 | 160,480 | 5,791 | 153,246 |
| Employee Benefits | 60,240 | 58,125 | 56,907 | 1,218 | 54,073 |
| Purchased Services | 168,152 | 168,151 | 161,893 | 6,258 | 133,016 |
| Supplies | 33,787 | 36,287 | 36,092 | 195 | 31,880 |
| Property | 5,100 | 5,100 | 12,816 | (7,716) | 73,203 |
| Total Central Support | <u>422,550</u> | <u>433,934</u> | <u>428,188</u> | <u>5,746</u> | <u>445,418</u> |

(Continued)

See the accompanying independent auditor's report.

OURAY COUNTY SCHOOL DISTRICT NO. R-2

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

Year Ended June 30, 2024

| | ORIGINAL BUDGET | FINAL BUDGET | ACTUAL | VARIANCE Positive (Negative) | 2023 ACTUAL |
|---|--------------------|-----------------|--------------|------------------------------------|----------------|
| Total Supporting Services | 2,766,526 | 2,795,088 | 2,591,168 | 203,920 | 2,458,824 |
| TOTAL EXPENDITURES | 6,265,428 | 6,505,639 | 6,058,330 | 447,309 | 5,801,421 |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | 389,935 | 492,764 | 924,240 | 431,476 | 1,010,193 |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfers In | - | 182,771 | 182,771 | - | - |
| Transfers (Out) | (304,186) | (828,077) | (828,077) | - | (351,627) |
| TOTAL OTHER FINANCING SOURCES (USES) | (304,186) | (645,306) | (645,306) | - | (351,627) |
| CHANGE IN FUND BALANCE | 85,749 | (152,542) | 278,934 | 431,476 | 658,566 |
| FUND BALANCES, Beginning, Restated | 3,851,878 | 3,769,438 | 3,769,438 | - | 3,110,872 |
| FUND BALANCES, Ending | \$ 3,937,627 | \$ 3,616,896 | \$ 4,048,372 | \$ 431,476 | \$ 3,769,438 |

See the accompanying independent auditor's report.

OURAY COUNTY SCHOOL DISTRICT NO. R-2

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PERA SCHOOL DIVISION TRUST FUND PLAN

Years Ended December 31,

| | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|-------------|-------------|-------------|-------------|-------------|-------------|--------------|--------------|-------------|-------------|
| Proportion of the Net Pension Liability (Asset) | 0.0495% | 0.0386% | 0.0456% | 0.0543% | 0.0471% | 0.0489% | 0.0544% | 0.0569% | 0.0552% | 0.0610% |
| Proportionate Share of the Net Pension Liability (Asset) | \$8,746,611 | \$7,028,470 | \$5,311,443 | \$8,202,833 | \$7,041,206 | \$8,670,801 | \$17,596,600 | \$16,927,884 | \$8,450,258 | \$8,270,610 |
| State of Colorado Proportionate Share of the Net Pension Liability (Asset) | 191,787 | 2,048,167 | 546,267 | - | 792,561 | 1,042,996 | - | - | - | - |
| Total Proportionate Share of the Net Pension Liability (Asset) | \$8,938,398 | \$9,076,637 | \$5,857,710 | \$8,202,833 | \$7,833,767 | \$9,713,797 | \$17,596,600 | \$16,927,884 | \$8,450,258 | \$8,270,610 |
| Covered payroll | \$3,269,898 | \$2,968,516 | \$2,842,847 | \$2,895,077 | \$2,808,005 | \$2,649,145 | \$2,508,483 | \$2,551,745 | \$2,417,128 | \$2,366,180 |
| Proportionate Share of the Net Pension Liability as a Percentage Of its Covered Payroll | 267.5% | 236.8% | 186.8% | 283.3% | 250.75% | 327.31% | 701.48% | 663.38% | 349.60% | 349.53% |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 64.74% | 61.79% | 74.86% | 66.99% | 64.52% | 57.01% | 43.96% | 43.10% | 59.20% | 62.80% |

See the accompanying independent auditor's report.

OURAY COUNTY SCHOOL DISTRICT NO. R-2

SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
PERA SCHOOL DIVISION TRUST FUND PLAN

Years Ended June 30,

| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Contractually Required Contributions | \$ 681,535 | \$ 649,423 | \$ 567,064 | \$ 565,948 | \$ 514,011 | \$ 493,988 | \$ 458,579 | \$ 445,890 | \$ 395,575 |
| Contributions in Relation to the Contractually Required Contributions | 681,535 | 649,423 | 567,064 | 565,948 | 514,011 | 493,988 | 458,579 | 445,890 | 395,575 |
| Contribution Deficiency (Excess) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Covered payroll | \$ 3,344,119 | \$ 3,186,569 | \$ 2,849,016 | \$ 2,846,820 | \$ 2,686,932 | \$ 2,615,436 | \$ 2,495,209 | \$ 2,513,222 | \$ 2,352,454 |
| Contributions as a Percentage of Covered Payroll | 20.38% | 20.38% | 19.90% | 19.88% | 19.13% | 18.89% | 18.38% | 17.74% | 16.82% |

NOTE: Information for the prior one year was not available for this report.

OURAY COUNTY SCHOOL DISTRICT NO. R-2

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
PERA HEALTH CARE TRUST FUND PLAN

Years Ended December 31,

| | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Proportion of the Net OPEB Liability (Asset) | 0.0296% | 0.0293% | 0.0300% | 0.0312% | 0.0308% | 0.0318% | 0.0309% |
| Proportionate Share of the Net OPEB Liability (Asset) | \$ 211,196 | \$ 238,846 | \$ 256,969 | \$ 298,251 | \$ 346,157 | \$ 433,053 | \$ 401,834 |
| Covered payroll | \$ 3,269,898 | \$ 2,968,516 | \$ 2,842,847 | \$ 2,895,077 | \$ 2,808,005 | \$ 2,649,145 | \$ 2,508,483 |
| Proportionate Share of the Net OPEB Liability As a Percentage of its Covered Payroll | 6.5% | 8.0% | 9.0% | 10.3% | 12.33% | 16.35% | 16.02% |
| Plan Fiduciary Net position as a Percentage Of the Total OPEB Liability | 46.16% | 38.57% | 39.40% | 32.78% | 24.49% | 17.03% | 17.53% |

NOTE: Information for the prior three years was not available for this report.

OURAY COUNTY SCHOOL DISTRICT NO. R-2

SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
PERA HEALTH CARE TRUST FUND PLAN

Years Ended June 30,

| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Contractually Required Contributions | \$ 34,110 | \$ 32,503 | \$ 29,095 | \$ 29,038 | \$ 29,570 | \$ 27,407 | \$ 26,677 |
| Contributions in Relation to the Contractually Required Contributions | <u>34,110</u> | <u>32,503</u> | <u>29,095</u> | <u>29,038</u> | <u>29,570</u> | <u>27,407</u> | <u>26,677</u> |
| Contribution Deficiency (Excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Covered payroll | \$ 3,344,119 | \$ 3,186,569 | \$ 2,846,016 | \$ 2,846,820 | \$ 2,899,050 | \$ 2,686,932 | \$ 2,615,436 |
| Contributions as a Percentage of Covered Payroll | 1.02% | 1.02% | 1.02% | 1.02% | 1.02% | 1.02% | 1.02% |

NOTE: Information for the prior three years was not available for this report.

OURAY COUNTY SCHOOL DISTRICT NO. R-2
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2024

NOTE 1: BUDGETS AND BUDGETARY ACCOUNTING

A budget is adopted in accordance with State Budget Law on each fund's basis of accounting unless otherwise indicated.

Budgets are adopted in accordance with State Budget Law on each fund's basis of accounting unless indicated otherwise. All appropriations lapse at fiscal year-end.

The District adheres to the following procedures in establishing the budgetary data reflected in the financial statements:

- Budgets are required by state law for all funds. By May 31, the Superintendent of the District submits to the Board of Education a proposed budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing them. All budgets lapse at year end.
- Public hearings are conducted by the Board of Education to obtain taxpayer comments.
- Prior to June 30, the budget is adopted by formal resolution.
- Expenditures may not legally exceed appropriations at the fund level.
- The Board can modify the budget by line item at any time. Total appropriation can only be modified upon completion of notification and publication requirements.
- Budgeted amounts reported in the accompanying financial statements are as originally adopted or amended by the Board of Education.

NOTE 2: SIGNIFICANT CHANGES IN PLAN PROVISIONS AFFECTING TRENDS IN ACTUARIAL INFORMATION – PERA SCHOOL DIVISION TRUST FUND PLAN

2023 Changes in Plan Provisions Since 2022:

- 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.

OURAY COUNTY SCHOOL DISTRICT NO. R-2
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2024

NOTE 2: **SIGNIFICANT CHANGES IN PLAN PROVISIONS AFFECTING TRENDS IN ACTUARIAL INFORMATION – PERA SCHOOL DIVISION TRUST FUND PLAN**

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

NOTE 3: **SIGNIFICANT CHANGES IN PLAN ASSUMPTIONS OR OTHER INPUTS AFFECTING TRENDS IN ACTUARIAL INFORMATION – PERA SCHOOL DIVISION TRUST FUND PLAN**

There were no changes made to the actuarial methods or assumptions in 2023.

NOTE 4: **SIGNIFICANT CHANGES IN PLAN PROVISIONS AFFECTING TRENDS IN ACTUARIAL INFORMATION – PERA HEALTH CARE TRUST FUND PLAN**

2023 Changes in Plan Provisions Since 2022:

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

NOTE 5: **SIGNIFICANT CHANGES IN PLAN ASSUMPTIONS OR OTHER INPUTS AFFECTING TRENDS IN ACTUARIAL INFORMATION – PERA HEALTH CARE TRUST FUND PLAN**

There were no changes made to the actuarial methods or assumptions in 2023.

INDIVIDUAL FUND STATEMENTS AND SCHEDULES

OURAY COUNTY SCHOOL DISTRICT NO. R-2

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

June 30, 2024

| | FOOD SERVICE FUND | STUDENT ACTIVITIES FUND | GRANT FUND | CAPITAL PROJECTS FUND | FUNDRAISING FUND | TOTAL NONMAJOR GOVERNMENTAL FUNDS |
|--|-------------------------|-------------------------------|------------------|-----------------------------|---------------------|--|
| ASSETS | | | | | | |
| Cash and Investments | \$ 30,559 | \$ 285,305 | \$ 19,862 | \$ 129,433 | \$ 41,099 | \$ 506,258 |
| Prepaid Expenditures | - | 16,750 | - | - | - | 16,750 |
| Inventory | 2,685 | - | - | - | - | 2,685 |
| TOTAL ASSETS | \$ 33,244 | \$ 302,055 | \$ 19,862 | \$ 129,433 | \$ 41,099 | \$ 525,693 |
| LIABILITIES AND FUND BALANCES | | | | | | |
| LIABILITIES | | | | | | |
| Accounts Payable | \$ 2,069 | \$ 2,617 | \$ - | \$ - | \$ - | \$ 4,686 |
| Due To Other Funds | - | 43,737 | - | - | - | 43,737 |
| Accrued Salaries and Benefits | 4,903 | - | - | - | - | 4,903 |
| TOTAL LIABILITIES | 6,972 | 46,354 | - | - | - | 53,326 |
| FUND BALANCES | | | | | | |
| Nonspendable | 2,685 | 16,750 | - | - | - | 19,435 |
| Restricted | - | - | 19,862 | - | 41,099 | 60,961 |
| Committed | - | - | - | 129,433 | - | 129,433 |
| Assigned | 23,587 | 238,951 | - | - | - | 262,538 |
| TOTAL FUND BALANCES | 26,272 | 255,701 | 19,862 | 129,433 | 41,099 | 472,367 |
| TOTAL LIABILITIES AND FUND BALANCES | \$ 33,244 | \$ 302,055 | \$ 19,862 | \$ 129,433 | \$ 41,099 | \$ 525,693 |

OURAY COUNTY SCHOOL DISTRICT NO. R-2

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS

Year Ended June 30, 2024

| | FOOD SERVICE FUND | STUDENT ACTIVITIES FUND | GRANTS FUND | CAPITAL PROJECTS FUND | FUNDRAISING FUND | TOTAL NONMAJOR GOVERNMENTAL FUNDS |
|---|-------------------------|-------------------------------|------------------|-----------------------------|---------------------|--|
| REVENUES | | | | | | |
| Local Sources | \$ 5,624 | \$ 203,070 | \$ - | \$ - | \$ 41,099 | \$ 249,793 |
| State Sources | 84,991 | - | - | - | - | 84,991 |
| Federal Sources | 39,446 | - | 84,538 | - | - | 123,984 |
| TOTAL REVENUES | 130,061 | 203,070 | 84,538 | - | 41,099 | 458,768 |
| EXPENDITURES | | | | | | |
| Current | | | | | | |
| Instruction | - | 201,980 | 47,329 | - | - | 249,309 |
| Supporting Services | 183,479 | - | - | - | - | 183,479 |
| Capital Outlay | 3,112 | - | 37,209 | 742,256 | - | 782,577 |
| TOTAL EXPENDITURES | 186,591 | 201,980 | 84,538 | 742,256 | - | 1,215,365 |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | (56,530) | 1,090 | - | (742,256) | 41,099 | (756,597) |
| OTHER FINANCING SOURCES | | | | | | |
| Transfer In | 13,336 | - | - | 814,741 | - | 828,077 |
| TOTAL OTHER FINANCING SOURCES | 13,336 | - | - | 814,741 | - | 828,077 |
| NET CHANGE IN FUND BALANCES | (43,194) | 1,090 | - | 72,485 | 41,099 | 71,480 |
| FUND BALANCES, as previously reported | 69,466 | 254,611 | - | - | - | 324,077 |
| Adjustments-change from major to nonmajor funds | - | - | 19,862 | 56,948 | - | 76,810 |
| FUND BALANCES, Beginning | 69,466 | 254,611 | 19,862 | 56,948 | - | 400,887 |
| FUND BALANCES, Ending | \$ 26,272 | \$ 255,701 | \$ 19,862 | \$ 129,433 | \$ 41,099 | \$ 472,367 |

See the accompanying independent auditor's report

OURAY COUNTY SCHOOL DISTRICT NO. R-2

BUDGETARY COMPARISON SCHEDULE
FOOD SERVICE FUND

Year Ended June 30, 2024

| | ORIGINAL BUDGET | FINAL BUDGET | ACTUAL | VARIANCE Positive (Negative) | 2023 ACTUAL |
|---|--------------------|------------------|------------------|------------------------------------|------------------|
| REVENUES | | | | | |
| Local Sources | | | | | |
| Charges for Services | \$ 10,100 | \$ 7,945 | \$ 5,624 | \$ (2,321) | \$ 34,710 |
| State and Federal Sources | | | | | |
| Commodities | 10,000 | - | 30,093 | 30,093 | 6,852 |
| Supply Chain Assistance | - | 28,510 | 8,553 | (19,957) | 17,058 |
| State Match | 48,885 | 48,885 | 539 | (48,346) | 819 |
| Other Federal Sources | 100,000 | 89,921 | 800 | (89,121) | 21,051 |
| Other State Sources | - | 150 | 84,452 | 84,302 | 298 |
| TOTAL REVENUES | 168,985 | 175,411 | 130,061 | (45,350) | 80,788 |
| EXPENDITURES | | | | | |
| Supporting Services | | | | | |
| Salaries | 97,059 | 93,822 | 83,275 | 10,547 | 68,169 |
| Employee Benefits | 40,812 | 40,525 | 34,003 | 6,522 | 30,043 |
| Purchased Services | - | - | 124 | (124) | - |
| Food Supplies | 46,300 | 46,800 | 64,400 | (17,600) | 34,014 |
| Non Food Supplies | - | 4,300 | 1,677 | 2,623 | 2,800 |
| Property | - | 3,300 | 3,112 | 188 | 35,808 |
| TOTAL EXPENDITURES | 184,171 | 188,747 | 186,591 | 2,156 | 170,834 |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | (15,186) | (13,336) | (56,530) | (43,194) | (90,046) |
| OTHER FINANCING SOURCES | | | | | |
| Transfer In | 15,186 | 13,336 | 13,336 | - | 110,627 |
| CHANGE IN FUND BALANCE | - | - | (43,194) | (43,194) | 20,581 |
| FUND BALANCES, Beginning | 99,011 | 69,446 | 69,466 | 20 | 48,885 |
| FUND BALANCES, Ending | <u>\$ 99,011</u> | <u>\$ 69,446</u> | <u>\$ 26,272</u> | <u>\$ (43,174)</u> | <u>\$ 69,466</u> |

See the accompanying independent auditor's report.

OURAY COUNTY SCHOOL DISTRICT NO. R-2

BUDGETARY COMPARISON SCHEDULE
STUDENT ACTIVITIES FUND

Year Ended June 30, 2024

| | ORIGINAL BUDGET | FINAL BUDGET | ACTUAL | VARIANCE Positive (Negative) | 2023 ACTUAL |
|-------------------------|--------------------|-----------------|------------|------------------------------------|----------------|
| REVENUES | | | | | |
| Local Sources | | | | | |
| Other | \$ 250,000 | \$ 250,000 | \$ 203,070 | \$ (46,930) | \$ 240,977 |
| TOTAL REVENUES | 250,000 | 250,000 | 203,070 | (46,930) | 240,977 |
| EXPENDITURES | | | | | |
| Instruction | | | | | |
| Supplies and Materials | 250,000 | 250,000 | 201,980 | 48,020 | 200,482 |
| TOTAL EXPENDITURES | 250,000 | 250,000 | 201,980 | 48,020 | 208,471 |
| CHANGE IN FUND BALANCE | - | - | 1,090 | 1,090 | 32,506 |
| FUND BALANCE, Beginning | 277,527 | 254,611 | 254,611 | - | 222,105 |
| FUND BALANCE, Ending | \$ 277,527 | \$ 254,611 | \$ 255,701 | \$ 1,090 | \$ 254,611 |

See the accompanying independent auditor's report.

OURAY COUNTY SCHOOL DISTRICT NO. R-2

BUDGETARY COMPARISON SCHEDULE
GRANTS FUND

Year Ended June 30, 2024

| | ORIGINAL BUDGET | FINAL BUDGET | ACTUAL | VARIANCE Positive (Negative) | 2023 ACTUAL |
|----------------------------------|--------------------|-----------------|---------------|------------------------------------|----------------|
| REVENUES | | | | | |
| Federal Sources | | | | | |
| Federal Grants | \$ 69,206 | \$ 80,115 | \$ 84,538 | \$ 4,423 | \$ 229,478 |
| TOTAL REVENUES | 69,206 | 80,115 | 84,538 | 4,423 | 229,478 |
| EXPENDITURES | | | | | |
| Instruction | | | | | |
| Salaries | 42,254 | 42,129 | 34,293 | 7,836 | 113,629 |
| Employee Benefits | 774 | 774 | 7,794 | (7,020) | 47,030 |
| Supplies and Materials | - | - | 5,242 | (5,242) | 9,945 |
| Total Instruction | 43,028 | 42,903 | 47,329 | (4,426) | 170,604 |
| Supporting Services | | | | | |
| Salaries | - | - | - | - | 27,197 |
| Benefits | - | - | - | - | 6,665 |
| Purchased Services | - | - | - | - | 1,053 |
| Property | 26,178 | 37,212 | 37,209 | 3 | 12,490 |
| Contingency | - | 19,862 | - | 19,862 | - |
| Total Supporting Services | 26,178 | 57,074 | 37,209 | 19,865 | 47,405 |
| TOTAL EXPENDITURES | 69,206 | 99,977 | 84,538 | 15,439 | 218,009 |
| CHANGE IN FUND BALANCE | - | (19,862) | - | 19,862 | 182,073 |
| FUND BALANCES, Beginning | (10,311) | 19,862 | 19,862 | - | 8,393 |
| FUND BALANCES, Ending | \$ (10,311) | \$ - | \$ 19,862 | \$ 19,862 | \$ 19,862 |

See the accompanying independent auditor's report.

OURAY COUNTY SCHOOL DISTRICT NO. R-2

BUDGETARY COMPARISON SCHEDULE
CAPITAL PROJECTS FUND

Year Ended June 30, 2024

| | ORIGINAL BUDGET | FINAL BUDGET | ACTUAL | VARIANCE Positive (Negative) | 2023 ACTUAL |
|---|--------------------|-----------------|------------|------------------------------------|----------------|
| REVENUES | | | | | |
| Local Sources | | | | | |
| Other | \$ - | \$ - | \$ - | \$ - | \$ - |
| TOTAL REVENUES | - | - | - | - | - |
| EXPENDITURES | | | | | |
| Supporting Services | | | | | |
| Supplies and Materials | 30,000 | 30,000 | - | 30,000 | 9,562 |
| Property | 259,000 | 784,742 | 742,256 | 42,486 | 35,499 |
| TOTAL EXPENDITURES | 289,000 | 814,742 | 742,256 | 72,486 | 45,061 |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | (289,000) | (814,742) | (742,256) | 72,486 | (45,061) |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfers In | 289,000 | 814,742 | 814,741 | (1) | 241,000 |
| CHANGE IN FUND BALANCE | - | - | 72,485 | 72,485 | 195,939 |
| FUND BALANCE, Beginning | 1,975 | 56,948 | 56,948 | - | (138,991) |
| FUND BALANCE, Ending | \$ 1,975 | \$ 56,948 | \$ 129,433 | \$ 72,485 | \$ 56,948 |

See the accompanying independent auditor's report.

OURAY COUNTY SCHOOL DISTRICT NO. R-2

BUDGETARY COMPARISON SCHEDULE
BOND REDEMPTION DEBT SERVICE FUND

Year Ended June 30, 2024

| | ORIGINAL BUDGET | FINAL BUDGET | ACTUAL | VARIANCE Positive (Negative) | 2023 ACTUAL |
|---|--------------------|--------------------|------------------|------------------------------------|------------------|
| REVENUES | | | | | |
| Local Sources | | | | | |
| Property Taxes | \$ 1,102,582 | \$ 1,227,928 | \$ 1,194,433 | (33,495) | \$ 974,133 |
| Specific Ownership Taxes | 104,100 | - | 96,510 | 96,510 | 101,552 |
| Impact Fees | - | - | 1,647 | 1,647 | 0 |
| Earnings on Investments | 65,000 | 155,000 | 91,592 | (63,408) | 67,142 |
| TOTAL REVENUES | 1,271,682 | 1,382,928 | 1,384,182 | 1,254 | 1,142,827 |
| EXPENDITURES | | | | | |
| Supporting Services | | | | | |
| Other | 350 | 150 | 1,701 | (1,551) | 571 |
| Debt Service | | | | | |
| Principal | 705,000 | 735,000 | 735,000 | - | 705,000 |
| Interest | 566,332 | 536,688 | 536,688 | - | 558,878 |
| Contingency | - | 2,161,426 | - | 2,161,426 | - |
| TOTAL EXPENDITURES | 1,271,682 | 3,433,264 | 1,273,389 | 2,159,875 | 1,264,449 |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | - | (2,050,336) | 110,793 | 2,161,129 | (121,622) |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfer Out | - | (182,771) | (182,771) | - | - |
| CHANGE IN FUND BALANCE | - | (2,233,107) | (71,978) | 2,161,129 | (121,622) |
| FUND BALANCE, Beginning | 2,058,540 | 2,233,107 | 2,233,107 | - | 2,354,729 |
| FUND BALANCE, Ending | \$ 2,058,540 | \$ - | \$ 2,161,129 | 2,161,129 | \$ 2,233,107 |

See the accompanying independent auditor's report.

OURAY COUNTY SCHOOL DISTRICT NO. R-2

BUDGETARY COMPARISON SCHEDULE
BUILDING FUND

Year Ended June 30, 2024

| | ORIGINAL BUDGET | FINAL BUDGET | ACTUAL | VARIANCE Positive (Negative) | 2023 ACTUAL |
|-------------------------------|--------------------|------------------|--------------------|------------------------------------|--------------------|
| REVENUES | | | | | |
| Local Sources | | | | | |
| Earnings on Investments | \$ 382,000 | \$ 260,000 | \$ 266,973 | \$ 6,973 | \$ 378,429 |
| State Sources | | | | | |
| State Grants | 15,280,908 | 9,062,168 | 1,564,867 | (7,497,301) | 5,140,234 |
| TOTAL REVENUES | 15,662,908 | 9,322,168 | 1,831,840 | (7,490,328) | 5,518,663 |
| EXPENDITURES | | | | | |
| Supporting Services | | | | | |
| Purchased Services | 9,638,509 | 710,778 | 423,243 | 287,535 | 16,147 |
| Property | 6,024,399 | 8,240,003 | 4,175,689 | 4,064,314 | 11,854,063 |
| TOTAL EXPENDITURES | 15,662,908 | 8,950,781 | 4,598,932 | 4,351,849 | 11,870,210 |
| CHANGE IN FUND BALANCE | - | 371,387 | (2,767,092) | (3,138,479) | (6,351,547) |
| FUND BALANCE, Beginning | 8,461,995 | 7,469,770 | 7,469,770 | (992,225) | 13,821,317 |
| FUND BALANCE, Ending | \$ 8,461,995 | \$ 7,841,157 | \$ 4,702,678 | \$ (4,130,704) | \$ 7,469,770 |

See the accompanying independent auditor's report.

COMPLIANCE



Colorado Department of Education
Auditors Integrity Report
 District: 2590 – Ridgway R-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 | 3,769,438 | | 6,337,264 | | 6,058,330 | | 4,048,372 |
| 18 Risk Mgmt Sub-Fund of General Fund | 0 | | 0 | | 0 | | 0 |
| 19 Colorado Preschool Program Fund | 0 | | 0 | | 0 | | 0 |
| Sub-Total | 3,769,438 | | 6,337,264 | | 6,058,330 | | 4,048,372 |
| 11 Charter School Fund | 0 | | 0 | | 0 | | 0 |
| 20,26-29 Special Revenue Fund | 0 | | 41,099 | | 0 | | 41,099 |
| 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 | 69,465 | | 143,397 | | 186,591 | | 26,272 |
| 22 Govt Designated-Purpose Grants Fund | 19,862 | | 84,538 | | 84,538 | | 19,862 |
| 23 Pupil Activity Special Revenue Fund | 254,611 | | 203,070 | | 201,980 | | 255,701 |
| 25 Transportation Fund | 0 | | 0 | | 0 | | 0 |
| 31 Bond Redemption Fund | 2,233,107 | | 1,201,411 | | 1,273,389 | | 2,161,129 |
| 39 Certificate of Participation (COP) Debt Service Fund | 0 | | 0 | | 0 | | 0 |
| 41 Building Fund | 7,469,770 | | 1,831,840 | | 4,598,932 | | 4,702,677 |
| 42 Special Building Fund | 0 | | 0 | | 0 | | 0 |
| 43 Capital Reserve Capital Projects Fund | 56,948 | | 814,742 | | 742,256 | | 129,433 |
| 46 Supplemental Cap Const, Tech, Main Fund | 0 | | 0 | | 0 | | 0 |
| Totals | 13,873,201 | | 10,657,361 | | 13,146,017 | | 11,384,545 |
| Proprietary | | | | | | | |
| 50 Other Enterprise Funds | 0 | | 0 | | 0 | | 0 |
| 64 (63) Risk-Related Activity Fund | 0 | | 0 | | 0 | | 0 |
| 60,65-69 Other Internal Service Funds | 0 | | 0 | | 0 | | 0 |
| Totals | 0 | | 0 | | 0 | | 0 |
| Fiduciary | | | | | | | |
| 70 Other Trust and Agency Funds | 0 | | 0 | | 0 | | 0 |
| 72 Private Purpose Trust Fund | 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