

**MONTEZUMA COUNTY (DOLORES)
SCHOOL DISTRICT RE-4A**

Accountants' Reports
and
Basic Financial Statements

June 30, 2025

MONTEZUMA COUNTY (DOLORES) SCHOOL DISTRICT RE-4A

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June 30, 2025

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INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Montezuma County (Dolores) School District RE-4A
Dolores, Colorado 81323

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Montezuma County (Dolores) School District RE-4A, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Montezuma County (Dolores) School District RE-4A's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Montezuma County (Dolores) School District RE-4A, as of June 30, 2025, and the respective changes in financial position and the respective budgetary comparisons for the General Fund and the Lunch Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Montezuma County (Dolores) School District RE-4A and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Montezuma County (Dolores) School District RE-4A's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Montezuma County (Dolores) School District RE-4A'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 Montezuma County (Dolores) School District RE-4A's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Montezuma County (Dolores) School District RE-4A's basic financial statements. The accompanying budgetary comparison schedules and Colorado Department of Education Auditors' Integrity Report, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison schedules and Colorado Department of Education Auditors' Integrity Report, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.



Majors and Haley P.C.
September 17, 2025

MONTEZUMA COUNTY (DOLORES) SCHOOL DISTRICT RE-4A

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) For the Year Ended June 30, 2025

FINANCIAL HIGHLIGHTS

Key financial highlights for the District in fiscal year 2025 are as follows:

- In total, net position increased \$2,647,678 from \$2,329,964 to \$4,977,642.
- General revenues accounted for \$11,343,086 in revenue or 82 percent of all revenues. Program specific revenues in the form of charges for services, grants and contributions accounted for \$2,434,907 or 18 percent of total revenues of \$13,777,993.
- Governmental activities total assets increased by \$12,784,694 and deferred outflows of resources decreased by \$1,822,885. Total liabilities increased by \$8,107,028. Total deferred inflows of resources increased by \$207,103.
- The District incurred \$11,130,315 in expenses related to government activities. \$2,434,907 of these expenses was offset by program specific charges for services, grants and contributions. General revenues (primarily state equalization and property taxes) of \$11,343,086 were adequate to cover the balance of the cost of these programs.
- Among the major funds, the General Fund had \$10,307,144 in revenues and \$10,249,941 in expenditures including transfers. Its fund balance increased by \$57,203 from \$5,662,830 to \$5,720,033.

MONTEZUMA COUNTY (DOLORES) SCHOOL DISTRICT RE-4A

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) For the Year Ended June 30, 2025

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts: management's discussion and analysis, the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District.

- The first two statements are district-wide financial statements that provide both short-term and long-term information about the District's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the District, reporting the District's operations in more detail than the district-wide statements.
- The governmental funds statements tell how basic services such as instruction were financed in the short-term as well as what remains for future spending.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplemental information that further explains and supports the financial statements with a comparison of the District's budget for the year.

District-wide Statements

The district-wide statements report information about the District as a whole using accounting methods similar to those used by private companies. The statement of net position includes all of the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources if applicable. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two district-wide statements report the District's net position and how it has changed. Net position (the difference between the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources if applicable) is one way to measure the District's financial position.

- Over time, increases or decreases in the District's net position is an indicator of whether its financial position is improving or deteriorating.

MONTEZUMA COUNTY (DOLORES) SCHOOL DISTRICT RE-4A

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

For the Year Ended June 30, 2025

- To assess the District's overall health, you need to consider additional non-financial factors such as changes in the District's property tax base and the condition of school facilities.

In the district-wide financial statements, the District's activities are included in one category:

- **Governmental activities-** All of the District's basic services are included here, such as instruction, transportation, maintenance and operations, and administration. These activities are financed mainly through property taxes and state equalization funds.

Fund Financial Statements

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

The District uses one type of fund:

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

MONTEZUMA COUNTY (DOLORES) SCHOOL DISTRICT RE-4A

**MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
For the Year Ended June 30, 2025**

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Total assets increased by \$12,784,694. Net capital assets increased by \$1,031,481. Total liabilities increased by \$8,107,028.

The District's combined net position was larger on June 30, 2025 than it was at June 30, 2024, increasing by \$2,647,678 to \$4,977,642.

Table 1 provides a summary of the District's net position for 2025 compared to 2024:

Table 1
Condensed Statement of Net Position
(In millions)

	Governmental Activities	
	2025	2024
Assets		
Current assets	\$ 19.209	\$ 7.456
Capital assets	10.193	9.161
Total assets	<u>29.402</u>	<u>16.617</u>
Deferred outflows	<u>1.651</u>	<u>3.474</u>
Liabilities		
Current liabilities	1.376	1.088
Noncurrent liabilities	24.262	16.443
Total liabilities	<u>25.638</u>	<u>17.531</u>
Deferred inflows of resources	<u>0.437</u>	<u>0.230</u>
Net Position		
Net invest capital assets	(1.987)	6.866
Restricted	12.370	0.932
Unrestricted	(5.405)	(5.468)
Total net position	<u>\$ 4.978</u>	<u>\$ 2.330</u>

MONTEZUMA COUNTY (DOLORES) SCHOOL DISTRICT RE-4A

MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)

For the Year Ended June 30, 2025

Table 2 shows the changes in net position for fiscal year 2025 as compared to 2024.

Table 2
Changes in Net Position
(In millions)

	Governmental Activities	
	2025	2024
Revenues		
Program revenues		
Charges for services	\$ 0.683	\$ 0.461
Operating grants & contributions	1.062	2.034
Capital grants & contributions	0.690	-
General revenues		
Property taxes	2.993	2.030
State equalization	6.346	5.695
Other	2.004	0.982
Total revenues	13.778	11.202
Expenses		
Instruction	6.159	6.245
Pupil and instructional services	0.731	0.968
Administration and business	1.352	1.252
Maintenance and operations	1.012	0.956
Transportation	0.434	0.403
Food Service	0.408	0.428
Other	1.034	0.926
Total expenses	11.130	11.178
Increase (decrease) in net position	\$ 2.648	\$ 0.024

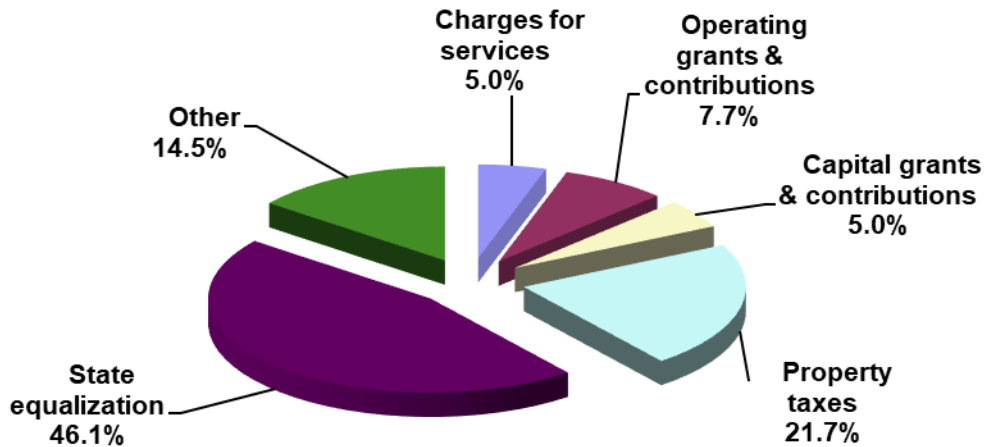
MONTEZUMA COUNTY (DOLORES) SCHOOL DISTRICT RE-4A

**MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
For the Year Ended June 30, 2025**

State equalization and property taxes accounted for most of the District's total revenue, with each contributing 46.1 percent and 21.7 percent respectively (See Table 3). Another 12.7 percent came from local, state and federal grants and the remainder from charges for services and miscellaneous sources.

The District's expenses are predominately related to instruction, (55 percent) (See Table 4). The District's administrative and business activities accounted for 12 percent of total costs.

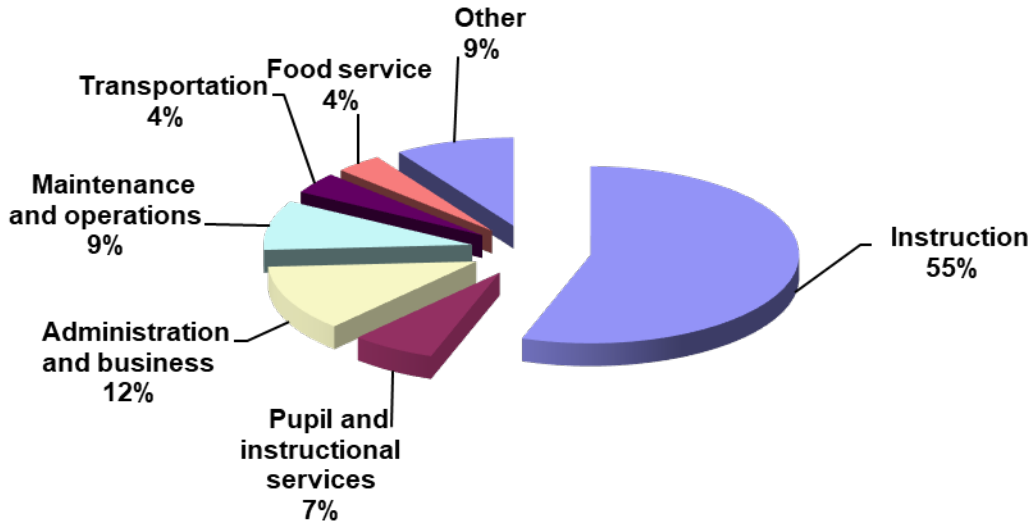
Table 3
Sources of Revenue for Fiscal Year 2025



MONTEZUMA COUNTY (DOLORES) SCHOOL DISTRICT RE-4A

**MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
For the Year Ended June 30, 2025**

**Table 4
Expenses for Fiscal Year 2025**



Governmental Activities

The primary source of operating revenue for school districts comes from the School Finance Act of 1994 (SFA). Under the SFA the District received \$12,809 per funded student. In fiscal year 2025 the funded pupil count was 629.8. Funding for the SFA comes from property taxes, specific ownership taxes and state equalization. The District receives approximately 75 percent of this funding from state equalization while the remaining amounts come from property and specific ownership taxes.

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

MONTEZUMA COUNTY (DOLORES) SCHOOL DISTRICT RE-4A

MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)

For the Year Ended June 30, 2025

Table 5
Government Activities
(In millions)

	Total Cost of Services		Net Cost of Services	
	2025	2024	2025	2024
Instruction	\$ 6.159	\$ 6.245	\$ 5.193	\$ 4.862
Pupil and instructional services	0.731	0.968	0.639	0.652
Administration and business	1.352	1.252	1.138	1.137
Maintenance and operations	1.012	0.956	0.996	0.928
Transportation	0.434	0.403	0.368	0.330
Food service	0.408	0.428	0.017	0.030
Other	1.034	0.926	0.344	0.743
Total	\$ 11.130	\$ 11.178	\$ 8.695	\$ 8.682

- The cost of all governmental activities during the year was \$11.130 million.
- Some of the cost was financed by the users of the District's programs (\$.684 million)
- Federal, state and local grants subsidized certain programs with grants and contributions (\$1.752 million).
- However, most of the District's costs (\$11.343 million) were financed by State and District taxpayers. This portion of governmental activities was mainly financed with \$6.346 million in state equalization and \$3.214 million in property and specific ownership taxes.

MONTEZUMA COUNTY (DOLORES) SCHOOL DISTRICT RE-4A

**MANAGEMENT’S DISCUSSION AND ANALYSIS
(UNAUDITED)
For the Year Ended June 30, 2025**

FINANCIAL ANALYSIS OF THE DISTRICT’S FUNDS

Information about the District’s major funds starts on page 15. These funds are accounted for using the modified accrual basis of accounting. All governmental funds have total revenues and other financing sources of \$23.964 million and expenditures of \$12.301 million.

General Fund Budgetary Highlights

The District’s budget is prepared according to Colorado law and is based on accounting for certain transactions on a basis of cash receipts and disbursements. The most significant budgeted fund is the General Fund.

Over the course of the year, the District revised the annual operating budget by increasing appropriations by \$388,947 mainly to reflect revenues that were in excess of what was anticipated at the time of the original budget.

- Actual expenditures were \$5.533 million below budget.

CAPITAL ASSET ADMINISTRATION

By the end of 2025, the District has invested \$17.743 million in land, buildings, and equipment (including vehicles).

Table 6 shows capital assets for 2025 compared to 2024:

***Table 6
Capital Assets at June 30 (in millions)***

	Governmental Activities	
	2025	2024
Land	\$ 0.110	\$ 0.110
Construction in progress	1.042	
Buildings	14.741	14.393
Equipment	1.850	1.766
Total	<u>\$ 17.743</u>	<u>\$ 16.269</u>

MONTEZUMA COUNTY (DOLORES) SCHOOL DISTRICT RE-4A

**MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)**

For the Year Ended June 30, 2025

Additional information on the District's capital assets can be found in Note 4 on page 29 of this report.

FACTORS BEARING ON THE DISTRICT'S FUTURE

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

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, parents, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business Office, Montezuma County (Dolores) School District RE-4A, P.O. Box 727 Dolores, Colorado 81323.

MONTEZUMA COUNTY (DOLORES) SCHOOL DISTRICT RE-4A
Statement of Net Position

June 30, 2025

	Governmental Activities	Total
Assets		
Cash	\$ 717,890	\$ 717,890
Cash with County Treasurer	27,225	27,225
Investments	17,410,525	17,410,525
Grants receivable	745,989	745,989
Other accounts receivable	1,257	1,257
Taxes receivable	297,433	297,433
Inventory	8,703	8,703
Capital assets	17,743,149	17,743,149
Accumulated depreciation	(7,550,640)	(7,550,640)
Total capital assets, net of depreciation	10,192,509	10,192,509
Total Assets	29,401,531	29,401,531
Deferred Outflows of Resources		
Pension items	1,617,709	1,617,709
OPEB items	33,256	33,256
Total Deferred Outflows of Resources	1,650,965	1,650,965
Liabilities		
Accrued salaries and benefits payable	974,591	974,591
Unearned grant revenue	1,407	1,407
Long-term liabilities		
Due within one year	400,000	400,000
Due in more than one year	11,780,000	11,780,000
Net pension obligation	12,263,943	12,263,943
Net OPEB obligation	217,597	217,597
Total Liabilities	25,637,538	25,637,538
Deferred Inflows of Resources		
Unearned property tax revenues	202,761	202,761
Pension items	108,922	108,922
OPEB items	125,633	125,633
Total Deferred Inflows of Resources	437,316	437,316
Net Position		
Net investment in capital assets	(1,987,491)	(1,987,491)
Restricted		
TABOR	300,000	300,000
Debt service	1,136,936	1,136,936
Student activities	152,048	152,048
Food service	58,560	58,560
School construction	10,722,163	10,722,163
Unrestricted	(5,404,574)	(5,404,574)
Total Net Position	\$ 4,977,642	\$ 4,977,642

The accompanying notes are an integral part of this statement.

MONTEZUMA COUNTY (DOLORES) SCHOOL DISTRICT RE-4A
Statement of Activities

For the Year Ended June 30, 2025

	Expenses	Program Revenues			Net (Expenses) Revenue And Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Total
Governmental Activities						
Instructional Program Services	\$ 6,158,726	\$ 633,255	\$ 332,814		\$ (5,192,657)	\$ (5,192,657)
Support Program Services						
Students	357,810		15,124		(342,686)	(342,686)
Instructional staff	373,165		77,210		(295,955)	(295,955)
General administration	451,905		73,223		(378,682)	(378,682)
School administration	632,111		140,523		(491,588)	(491,588)
Business	267,739				(267,739)	(267,739)
Operation and maintenance of plant	1,012,016	16,250			(995,766)	(995,766)
Student transportation	433,974		66,318		(367,656)	(367,656)
Central	288,992				(288,992)	(288,992)
Other	91,051				(91,051)	(91,051)
Food service	407,639	33,888	356,622		(17,129)	(17,129)
Community	3,307				(3,307)	(3,307)
Facilities	4,125			\$ 689,680	685,555	685,555
Other uses	107,300				(107,300)	(107,300)
Interest on long-term debt	208,355				(208,355)	(208,355)
Depreciation excluding amounts directly allocated to programs	332,100				(332,100)	(332,100)
Total Governmental Activities	11,130,315	683,393	1,061,834	689,680	(8,695,408)	(8,695,408)
Total School District	\$ 11,130,315	\$ 683,393	\$ 1,061,834	\$ 689,680	(8,695,408)	(8,695,408)
General Revenues						
Property tax for general purposes					1,863,707	1,863,707
Specific Ownership tax for general purposes					220,843	220,843
Property tax for debt repayment					1,129,064	1,129,064
Delinquent taxes and interest					6,719	6,719
Intergovernmental						
State Equalization					6,346,308	6,346,308
Mineral Leasing					33,629	33,629
Forest Service					10,198	10,198
State Direct Distribution Payment					116,162	116,162
Earnings on investments					507,137	507,137
Bond premium received					906,880	906,880
Miscellaneous					202,439	202,439
Total General Revenues					11,343,086	11,343,086
Changes in Net Position					2,647,678	2,647,678
Net Position Beginning of the Year					2,329,964	2,329,964
Net Position End of the Year					\$ 4,977,642	\$ 4,977,642

The accompanying notes are an integral part of this statement.

MONTEZUMA COUNTY (DOLORES) SCHOOL DISTRICT RE-4A

Balance Sheet
Governmental Funds

June 30, 2025

	General Fund	Lunch Fund	Student Activity Fund	Debt Service Fund	Building Fund	Capital Reserve Capital Projects Fund	Total Governmental Funds
Assets							
Cash	\$ 342,155	\$ 74,656	\$ 152,048		\$ (36,463)	\$ 185,494	\$ 717,890
Cash with County Treasurer	16,831			\$ 10,394			27,225
Investments	6,049,000			1,090,452	10,224,747	46,326	17,410,525
Grants receivable	212,110				533,879		745,989
Other accounts receivable	1,257						1,257
Due from other funds		4,696					4,696
Taxes receivable	184,049			113,384			297,433
Inventory		8,703					8,703
Total Assets	\$ 6,805,402	\$ 88,055	\$ 152,048	\$ 1,214,230	\$ 10,722,163	\$ 231,820	\$ 19,213,718
Liabilities							
Accrued salaries and benefits payable	\$ 953,799	\$ 20,792					\$ 974,591
Due to other funds	4,696						4,696
Unearned grant revenue	1,407						1,407
Total Liabilities	959,902	20,792	-	-	-	-	980,694
Deferred Inflows of Resources							
Unearned property tax revenue	125,467			\$ 77,294			202,761
Fund Balances							
Nonspendable							
Inventories		8,703					8,703
Restricted							
TABOR	350,000						350,000
Debt service				1,136,936			1,136,936
Food service		58,560					58,560
Student activities			\$ 152,048				152,048
School construction					\$ 10,722,163		10,722,163
Unrestricted							
Assigned for fiscal year 2026 expenditures	5,370,033					\$ 231,820	5,601,853
Total Fund Balances	5,720,033	67,263	152,048	1,136,936	10,722,163	231,820	18,030,263
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 6,805,402	\$ 88,055	\$ 152,048	\$ 1,214,230	\$ 10,722,163	\$ 231,820	\$ 19,213,718

The accompanying notes are an integral part of this statement.

MONTEZUMA COUNTY (DOLORES) SCHOOL DISTRICT RE-4A

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

June 30, 2025

Total Fund Balance Governmental Funds \$ 18,030,263

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

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

Capital assets	\$ 17,743,149	
Accumulated depreciation	<u>(7,550,640)</u>	10,192,509

Long term liabilities are not due and payable in the current period and therefore, they are not reported in the governmental funds balance sheet

Due within one year	(400,000)	
Due in more than one year	<u>(11,780,000)</u>	(12,180,000)

Some liabilities, including net pension and OPEB obligations, are not due and payable in the current period and, therefore, are not reported in the governmental funds balance sheet

Net pension obligation	(12,263,943)	
Net OPEB obligation	<u>(217,597)</u>	(12,481,540)

Deferred outflows and inflows of resources related to pensions and OPEB plans are applicable to future periods and, therefore, are not reported in the governmental funds balance sheet

Deferred outflows of resources related to pensions	1,617,709	
Deferred outflows of resources related to OPEB plans	33,256	
Deferred inflows of resources related to pensions	(108,922)	
Deferred inflows of resources related to OPEB plans	<u>(125,633)</u>	1,416,410

Total Net Position Governmental Activities \$ 4,977,642

The accompanying notes are an integral part of this statement.

MONTEZUMA COUNTY (DOLORES) SCHOOL DISTRICT RE-4A
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds

For the Year Ended June 30, 2025

	General Fund	Lunch Fund	Student Activity Fund	Debt Service Fund	Building Fund	Capital Reserve Capital Projects Fund	Total Governmental Funds
Revenues							
Taxes	\$ 2,084,550			\$ 1,130,006			\$ 3,214,556
State sources	6,842,441	\$ 95,761			\$ 689,680		7,627,882
Federal sources	396,258	209,755					606,013
Other	983,895	34,004	\$ 193,738	20,220	164,516	\$ 2,373	1,398,746
Total Revenues	10,307,144	339,520	193,738	1,150,226	854,196	2,373	12,847,197
Expenditures							
Instructional Program	5,952,276		180,048				6,132,324
Support Programs							
Pupils	349,820						349,820
Instructional staff	370,501						370,501
General administration	446,223						446,223
School administration	618,439						618,439
Business	261,703						261,703
Operation and maintenance of plant	983,762					74,502	1,058,264
Student transportation	338,716						338,716
Central	243,036					41,872	284,908
Other	91,051						91,051
Food service	51,107	360,421					411,528
Community	3,307						3,307
Facilities					1,042,213	351,837	1,394,050
Other uses				600	106,700		107,300
Debt Service							
Principal				225,000			225,000
Interest				208,355			208,355
Total Expenditures	9,709,941	360,421	180,048	433,955	1,148,913	468,211	12,301,489
Excess revenues over (under) expenditures	597,203	(20,901)	13,690	716,271	(294,717)	(465,838)	545,708
Other Financing Sources (Uses)							
Transfers in (out)	(540,000)					540,000	-
Proceeds from BEST bonds					10,110,000		10,110,000
Issuance premium on BEST bonds					906,880		906,880
Total Other Financing Sources (Uses)	(540,000)	-	-	-	11,016,880	540,000	11,016,880
Net Change in Fund Balances	57,203	(20,901)	13,690	716,271	10,722,163	74,162	11,562,588
Fund Balances beginning of the year	5,662,830	88,164	138,358	420,665	-	157,658	6,467,675
Fund Balances end of the year	\$ 5,720,033	\$ 67,263	\$ 152,048	\$ 1,136,936	\$ 10,722,163	\$ 231,820	\$ 18,030,263

The accompanying notes are an integral part of this statement.

MONTEZUMA COUNTY (DOLORES) SCHOOL DISTRICT RE-4A
 Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances of
 Governmental Funds to the Statement of Activities

For the Year Ended June 30, 2025

Net Change in Fund Balances Governmental Funds \$ 11,562,588

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

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

Capital outlay	\$ 1,474,187	
Depreciation expense	(442,706)	
		1,031,481

Proceeds from BEST general obligation bonds are shown as other financing sources in the governmental funds. They are not included in the Statement of Activities

Proceeds from BEST general obligation bonds		(10,110,000)
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Repayment of debt principal is an expenditure in the governmental funds but the repayment reduces long-term liabilities in the Statement of Net Position.

General obligation bond payments		225,000
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Governmental funds report district pension and OPEB contributions as expenditures. However, in the Statement of Activities, the cost of pension and OPEB benefits earned net of employee contributions are reported as an expense.

District pension contributions	1,122,892	
District OPEB contributions	56,183	
Cost of benefits earned net of employee contributions	(1,383,877)	
Cost of OPEB benefits earned net of employee contributions	27,249	
		(177,553)

Governmental funds report the District's share of State contributions to PERA as revenue and expenditures. However, in the Statement of Activities, the District's proportionate share of the State PERA pension benefit included in the District's pension expense is reported as revenue.

District proportionate share of State Contribution revenue	(92,246)	
District proportionate share of State Contribution expenditure	92,246	
District proportionate share of State direct contribution payment revenue	116,162	
		116,162

Change in Net Position of Governmental Activities \$ 2,647,678

The accompanying notes are an integral part of this statement.

MONTEZUMA COUNTY (DOLORES) SCHOOL DISTRICT RE-4A

Schedule of Revenues, Expenditures and Changes in
Fund Balances- Budget and Actual
General Fund

For the Year Ended June 30, 2025

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Revenues from local sources				
Current property taxes	\$ 1,847,035	\$ 1,950,000	\$ 1,863,707	\$ (86,293)
Specific ownership taxes	195,000	225,000	220,843	(4,157)
Other	677,500	728,843	983,895	255,052
Total revenues from local sources	2,719,535	2,903,843	3,068,445	164,602
Revenues from state sources				
State equalization	6,223,614	6,346,308	6,346,308	-
Grants	352,627	473,540	403,887	(69,653)
State direct PERA contribution			92,246	92,246
Total revenues from state sources	6,576,241	6,819,848	6,842,441	22,593
Revenues from federal sources				
Forest service		10,198	10,198	-
Mineral leasing	39,000	33,600	33,629	29
Medicaid charges	35,000	30,000	26,381	(3,619)
Grants	390,108	323,319	326,050	2,731
Total revenues from federal sources	464,108	397,117	396,258	(859)
Total revenues	9,759,884	10,120,808	10,307,144	186,336
Expenditures				
Instructional Program	6,160,307	6,328,962	5,952,276	376,686
Support Programs				
Students	387,385	383,885	349,820	34,065
Instructional staff	364,655	410,198	370,501	39,697
General administration	565,440	564,915	446,223	118,692
School administration	628,858	628,826	618,439	10,387
Business	227,386	258,151	261,703	(3,552)
Plant operation and maintenance	1,013,351	1,060,351	983,762	76,589
Student transportation	332,706	333,406	338,716	(5,310)
Central support services	245,792	229,437	243,036	(13,599)
Other support services	98,457	96,143	91,051	5,092
Food Service	40,794	46,804	51,107	(4,303)
Community	5,200	5,200	3,307	1,893
Facilities		100,000		100,000
Appropriated reserves	4,783,860	4,796,860		4,796,860
Total expenditures	14,854,191	15,243,138	9,709,941	5,533,197
Other financing sources (uses)				
Transfers Out	(300,000)	(540,500)	(540,000)	500
Total Other Financing Sources (Uses)	(300,000)	(540,500)	(540,000)	500
Excess of revenues over (under) expenditures	(5,394,307)	(5,662,830)	57,203	5,720,033
Fund balances, beginning	5,394,307	5,662,830	5,662,830	-
Fund Balances, ending	\$ -	\$ -	\$ 5,720,033	\$ 5,720,033

The accompanying notes are an integral part of this statement.

MONTEZUMA COUNTY (DOLORES) SCHOOL DISTRICT RE-4A

Schedule of Revenues, Expenditures and Changes in
Fund Balance- Budget and Actual
Lunch Fund

For the Year Ended June 30, 2025

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
Local sources				
Lunch sales	\$ 41,000	\$ 34,000	\$ 33,888	\$ (112)
Earnings on investments	150	150	116	(34)
Other	850	500		(500)
Total local sources	42,000	34,650	34,004	(646)
State sources				
Healthy School Meals Lunch	15,500	76,000	76,928	928
Healthy School Meals Breakfast	53,500	16,000	17,149	1,149
State Matching Grant	1,800		1,684	1,684
Other State Grants	1,500			-
Total state sources	72,300	92,000	95,761	3,761
Federal sources				
Supply Chain Assistance	17,000			-
School Lunch Program	126,800	130,000	143,811	13,811
School Breakfast Program	34,000	52,500	41,436	(11,064)
Donated commodities	15,000	15,000	24,508	9,508
Total federal sources	192,800	197,500	209,755	12,255
Total revenues	307,100	324,150	339,520	15,370
Expenditures				
Food services				
Salaries	97,332	100,900	107,455	(6,555)
Employee benefits	48,954	48,878	53,398	(4,520)
Purchased services				
Professional and technical	7,500	7,500	775	6,725
Food and milk	187,336	188,236	149,734	38,502
Commodities used	15,000	15,000	24,508	(9,508)
Supplies	22,000	22,000	13,812	8,188
Property	5,000	5,000	10,674	(5,674)
Appropriated reserves	26,200	24,800	65	24,735
Total expenditures	409,322	412,314	360,421	51,893
Excess of revenues and other sources over (under) expenditures and other uses	(102,222)	(88,164)	(20,901)	67,263
Fund balance, beginning	102,222	88,164	88,164	-
Fund balance, ending	\$ -	\$ -	\$ 67,263	\$ 67,263

The accompanying notes are an integral part of this statement.

MONTEZUMA COUNTY (DOLORES) SCHOOL DISTRICT RE-4A

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2025

- 1. Summary of Significant Accounting Policies** – The accounting policies of the Montezuma County School District RE-4A (“District”) conform to U.S. generally accepted accounting principles, as applicable to school districts. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements of Interpretations).

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

Reporting Entity - The Montezuma County School District RE-4A Board of Education (“Board”) is the basic level of government which has financial accountability and control over all activities related to the public school education in the Town of Dolores, Colorado. The Board receives funding from local, state and federal government sources and must comply with the concomitant requirements of these funding source entities. However, the Board is not included in any other governmental “reporting entity” as defined by the GASB pronouncement, since Board members are elected by the public and have decision making authority, the authority to levy taxes, the power to designate management, the ability to significantly influence operations and primary accountability for fiscal matters. In addition, there are no component units as defined in Governmental Accounting Standards Board Statements 14, 39 and 61, which are included in the District’s reporting entity.

Fund Accounting – The accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and in the means by which spending activities are controlled. The various funds are grouped, into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate “fund types”.

Governmental Funds- are used to account for all or most of a government’s general activities, including the collection and disbursement of earmarked funds (special revenue funds). The following are the District’s major governmental funds:

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

Lunch Fund- is used to account for the financial transactions related to the food service operations of the District. The major sources of revenues are food service grants.

MONTEZUMA COUNTY (DOLORES) SCHOOL DISTRICT RE-4A

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2025

Debt Service Fund- is used to account for the accumulation of resources for, and the payment of, long term debt principal, interest and related costs.

Capital Projects Fund- the Capital Projects Fund accounts for the accumulation of resources and expenditure of resources for capital improvements within the District.

Building Fund- is used to account for the accumulation of funds from the Colorado BEST Grant and the voter approved general obligation bonds along with the associated expenditure of those funds for the major renovation of the District's facilities

Non-major Funds- the following fund is the only non-major fund of the District. It is a special revenue fund.

Student Activity Fund – is used to account for the financial transactions related to the student activities of the District.

Basis of Presentation-

District-wide Financial Statements- The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government except for fiduciary funds. The statements distinguish between those activities of the District that are governmental and those that are considered business-type activities.

The district-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include reconciliation with a brief explanation to better identify the relationship between the district-wide financial statements and the statements for governmental funds.

The district-wide statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the District and for each function or program of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues, which are not classified as program revenues, are presented as general revenues of the District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the District.

Fund Financial Statements- Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column.

MONTEZUMA COUNTY (DOLORES) SCHOOL DISTRICT RE-4A

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2025

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures and changes in fund balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

Fiduciary funds are reported using the economic resources measurement focus.

Basis of Accounting – determines when transactions are recorded in the financial records and reported on the financial statements. District-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds also use the accrual basis of accounting.

Revenues- Exchange and Non-exchange Transactions- Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value are recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenues are recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within sixty days of fiscal year-end.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenues from property taxes are recognized in the fiscal year for which the taxes are levied. State equalization monies are recognized as revenues during the period which they are appropriated. Revenues from grants, entitlements and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: property taxes collected within 60 days after year-end, interest, tuition, grants and student fees.

Unearned Revenues- arise when potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period. Unearned revenues also arise when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to meeting eligibility requirements. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for unearned revenue is removed and revenue is recognized.

MONTEZUMA COUNTY (DOLORES) SCHOOL DISTRICT RE-4A

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2025

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.

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

Expenses/Expenditures- On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the statement of revenues, expenses and changes in fund net position as an expense with a like amount reported as donated commodities revenue.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

Budgets and Budgetary Accounting – The District is required by Colorado Statutes to adopt annual budgets for all funds. Each budget is prepared on the same basis (GAAP basis) as that used for accounting purposes. The following procedures are followed in establishing the budgetary data reflected in the financial statements:

Prior to June 1, the Superintendent's staff submits to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1.

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

Public hearings are conducted to obtain comments.

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

MONTEZUMA COUNTY (DOLORES) SCHOOL DISTRICT RE-4A

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

Formal budgetary integration is employed as a management control device during the year.

Budgeted amounts reported in the accompanying financial statements are as originally adopted and as amended by the Board of Education throughout the year. Following is a summary of the original budget, total revisions and revised budget for those funds with amended budgets in fiscal year 2025.

	<u>Original Budget</u>	<u>Total Revisions</u>	<u>Revised Budget</u>
General Fund	\$ 14,854,191	\$ 388,947	\$ 15,243,138
Lunch Fund	\$ 409,322	\$ 2,992	\$ 412,314
Capital Projects Fund	\$ 459,930	\$ 240,226	\$ 700,156
Debt Service Fund	\$ 665,831	\$ 976,334	\$ 1,642,165
Student Activity Fund	\$ 206,320	\$ 42,038	\$ 248,358

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

Encumbrance Accounting – under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed by the District as an extension of formal budgetary integration. Encumbrances outstanding at year-end are cancelled and represent neither a liability nor a reservation of equity.

Inventories- Inventories in the Lunch Fund consists of both expendable supplies held for consumption and the cost of goods held for resale, the cost of which is recorded as an expense as they are used. Inventories are valued at cost using the first-in, first-out concept.

Capital Assets – General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the district-wide statement of net position but are not reported in the fund financial statements.

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their estimated fair value on the date donated. The District maintains a capitalization threshold of five thousand dollars. The District does not possess any infrastructure.

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

MONTEZUMA COUNTY (DOLORES) SCHOOL DISTRICT RE-4A

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2025

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

Property Tax Revenue Recognition - of the District is recognized when the Montezuma County Treasurer collects it, on behalf of the District. The property tax is levied in December of the year prior to the year the taxes are collected on all taxable property located in the District. Property taxes become an enforceable lien on January 1 of each year, are due on or before June 15 and are delinquent on June 16.

Property tax revenues are recognized when they become available. Available includes those property tax receivables expected to be collected within sixty days after year-end. Delinquent taxes are considered fully collectible and therefore no allowance for uncollectible taxes is provided. Property taxes levied on January 1 and not collected by June 30 are reflected as a receivable; deferred revenue is the portion of property taxes included in the receivable but not yet available as explained above.

Accumulated Unpaid Vacations and Sick Pay- Vacations for twelve- month non-professional employees is two weeks per year after the completion of one year on the job and three weeks per year after the completion of five years on the job. Vacations normally must be taken during the summer months unless special arrangements are made with the immediate supervisor. Vacation time may be accrued and carried over for two years at which time any unused vacation time lapses.

Certified employees will receive ten sick days on the first day of employment to accrue annually to a maximum of sixty days. Support staff employees will begin accruing sick leave on the first day of employment at the rate of one day per month of service, to a maximum of sixty days. A sick leave bank is available to all participating employees.

Personal leave shall be granted at the rate of two days per year, non-accumulative. Personal leave must be approved by the superintendent after being recommended by the immediate supervisor of the employee.

Vacation time, sick leave and personal leave do not vest or accumulate with the employees, that is, the employees have no right to be paid for any of these if not taken in the time indicated, or if they terminate. Under generally accepted accounting principles, there is, therefore, no expense or liability included in the financial statements.

Accrued Liabilities and General Long-Term Obligations- All payables, accrued liabilities and long-term obligations are reported in the district-wide financial statements, and all

MONTEZUMA COUNTY (DOLORES) SCHOOL DISTRICT RE-4A

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2025

payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements.

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, claims and judgments, the non-current portion of capital leases, compensated absences, and special termination benefits that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they will be paid with current, expendable, available financial resources. In general, payment made within sixty days after year-end are considered to have been made with current available financial resources. Bonds and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements until due.

Governmental Fund Balances- In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable- Amounts that cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted- Amounts that can be used only for specific purposes because of state or federal laws, or externally imposed conditions by grantors or creditors. This includes the District's TABOR reserve for emergencies.

Committed- Amounts that can be used only for specific purposes determined by a formal action by the Board of Education.

Assigned- Amounts that are designated by the Board of Education for a particular purpose but are not spendable until appropriated. This includes assignments for subsequent year's expenditures and for debt service.

Unassigned- All amounts not included in other spendable classifications.

Use of Restricted Resources- When an expense is incurred that can be paid using either restricted or unrestricted resources (net position), the District's policy is to first apply the expense toward restricted resources and then toward unrestricted resources. In governmental funds, the District's policy is to first apply the expenditure toward restricted fund balance and then to other, less-restrictive classifications- committed and then assigned fund balances before using unassigned fund balances.

Net Position- Net position represents the difference between assets, deferred outflows of resources and liabilities and deferred inflows of resources. Net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are liabilities imposed on their use

MONTEZUMA COUNTY (DOLORES) SCHOOL DISTRICT RE-4A

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

2. Cash and Investments – Cash and investments consist of the following:

Demand accounts	\$ 351,751
Certificates of deposit	366,139
Colostrust	17,410,525
Total cash and investments	<u>\$ 18,128,415</u>

Deposits- The Colorado Public Deposit Protection Act (PDPA) governs the District’s cash deposits. The statutes specify eligible depositories for public cash deposits, which must be Colorado institutions and must maintain federal insurance on deposits held. Each eligible depository with deposits in excess of the insured levels must pledge a collateral pool of defined eligible assets, to be maintained by another institution or held in trust for all of its local government depositors as a group, with a market value of at least 102% of the uninsured deposits. The State Regulatory Commission for banks and savings and loan associations are required by statute to monitor the naming of eligible depositories and the reporting of uninsured deposits and assets maintained in the collateral pools.

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

At June 30, 2025 the District had investments in one local government investment pool, the Colorado Liquid Asset Trust (COLOTRUST). This investment pool is an investment vehicle established for local government entities in Colorado to pool surplus funds for investment purposes. The pool is routinely monitored by the Colorado Division of Securities with regard to its operations and investments, which are also subject to provisions of C.R.S. Title 24, Article 75, and Section 6. The fair value of the investments in the pool is the same as the value of the pool shares. This type of investment is not categorized because it is not evidenced by securities that exist in physical or book form. COLOTRUST is rated AAAM by Standard and Poors.

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3. Federal, State and Local Administered Grants- are considered to be earned to the extent of expenditures under the provisions of the grant and, accordingly, when such funds are received they are recorded as deferred revenue until earned. Receivables and deferred revenues are as follows:

	<u>Receivable</u>	<u>Deferred</u>
<u>General Fund</u>		
State Grants		
Library Grant	\$ 4,500	
Federal Grants		
Title I	99,639	
Title II	23,251	
Title IV Part A	11,497	
Stronger Connections Grant	73,223	
MTSS		\$ 1,407
 Total General Fund	 <u>212,110</u>	 <u>1,407</u>
 <u>Building Fund</u>		
State Grants		
Colorado BEST Grant	533,879	
 Total	 <u>\$ 745,989</u>	 <u>\$ 1,407</u>

4. Capital Assets – Capital asset activity for the fiscal year ended June 30, 2025 follows:

	<u>Capital Assets July 1, 2024</u>	<u>Additions</u>	<u>Deletions Adjustments/ Transfers</u>	<u>Capital Assets June 30, 2025</u>
Governmental Activities				
Capital assets, not being depreciated:				
Land	\$ 110,000			\$ 110,000
Construction in progress		\$ 1,042,213		1,042,213
Total capital assets not being depreciated	<u>110,000</u>	<u>1,042,213</u>		<u>1,152,213</u>
Capital assets, being depreciated:				
Buildings	14,393,225	347,712		14,740,937
Equipment	1,765,737	84,262		1,849,999
Total capital assets being depreciated	<u>16,158,962</u>	<u>431,974</u>	<u>-</u>	<u>16,590,936</u>
Less accumulated depreciation for:				
Buildings	(5,625,687)	(324,974)		(5,950,661)
Equipment	(1,482,247)	(117,732)		(1,599,979)
Total accumulated depreciation	<u>(7,107,934)</u>	<u>(442,706)</u>	<u>-</u>	<u>(7,550,640)</u>
 Total capital assets, being depreciated, net	 <u>9,051,028</u>	 <u>(10,732)</u>	 <u>-</u>	 <u>9,040,296</u>
Governmental Activities Capital Assets, net	<u>\$ 9,161,028</u>	<u>\$ 1,031,481</u>	<u>\$ -</u>	<u>\$ 10,192,509</u>

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

Instruction	\$	930
Transportation		90,109
Operations and Maintenance		18,135
Food Service		1,432
Unallocated		332,100
Total depreciation governmental activities	\$	<u>442,706</u>

5. Defined Benefit Pension Plan –

Plan description- Eligible employees of the District are provided with pensions through the School Division Trust Fund (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 annual financial report (CAFR) that can be obtained at www.copera.org/forms-resources/pera-financial-reports-and-studies.

Benefits provided as of December 31, 2024. 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.

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

Members may elect to withdraw their member contribution accounts upon termination of employment with all PERA employers; waiving rights to any lifetime retirement benefits earned. If eligible, the member may receive a match of either 50% or 100% on eligible amounts depending on when contributions were remitted to PERA, the date employment was

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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 formulas 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, 2025. 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 are established under C.R.S. § 24-51-401, *et seq* and C.R.S. § 24-51-413. Eligible employees are required to contribute 11.00% of their PERA-includable salary during the period of July 1, 2024 through June 30, 2025. The employer contribution requirements are summarized in the table below:

	July 1, 2024 Through June 30, 2025
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 ¹	4.50%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411 ¹	5.50%
Total Employer Contribution Rate to the SCHDTF	20.38%

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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 \$885,589 for the year ended June 30, 2025.

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 \$225 million (actual dollars) direct distribution each year to PERA starting on July 1, 2018. For 2024, 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.

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, 2024, and the total pension liability (TPL) used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2023. Standard update procedures were used to roll-forward the TPL to December 31, 2024. The District's proportion of the net pension liability was based on District contributions to the SCHDTF for the calendar year 2024 relative to the total contributions of the participating employers and the State as a nonemployer contributing entity.

At June 30, 2025, the District reported a liability of \$12,263,943 for its proportionate share of the net pension liability that reflected and 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	\$ 12,263,943
The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the District	1,101,497
Total	<u>\$ 13,365,440</u>

At December 31, 2024, the District's proportion was .0710751388 percent, which was an increase of .0083 percent from its proportion measured as of December 31, 2023.

For the year ended June 30, 2025, the District recognized pension expense of \$260,985 and \$116,162 in revenue for support from the State as a nonemployer contributing entity. At June

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30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 694,489	
Net difference between projected and actual earnings	231,387	
Changes in assumptions or other inputs	91,944	
Changes in proportion and differences between contributions recognized and proportionate share of contributions		\$ 108,922
Contributions subsequent to the measurement date	599,889	
Total	<u>\$ 1,617,709</u>	<u>\$ 108,922</u>

\$599,899 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, 2026. 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:

2026	\$ 863,115
2027	701,855
2028	(501,013)
2029	(155,059)

Actuarial assumptions. The TPL in the December 31, 2023 actuarial valuation was determined using the following actuarial assumptions and other inputs:

Actuarial cost method	Entry Age
Price inflation	2.30%
Real wage growth	.70%

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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 12/31/06¹ 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.

All mortality assumptions are developed on a benefit-weighted basis and apply generational mortality. Note that in all categories, displayed as follows, the mortality tables are generationally projected using scale MP-2019.

	Mortality Table	Adjustments, as Applicable
Pre-Retirement	PubT-2010 Employee	N/A
Post-Retirement (Retiree), Non-Disabled	PubT-2010 Healthy Retiree	Males: 112% of the rates prior to age 80/ 94% of the rates age 80 and older Females: 83% of the rates prior to age 80/ 106% of the rates age 80 and older
Post-Retirement (Beneficiary), Non-Disabled	Pub-2010 Contingent Survivor	Males: 97% of the rates for all ages Females: 105% of the rates for all ages
Disabled	PubNS-2010 Disabled Retiree	99% of the rates for all ages

The actuarial assumptions used in the December 31, 2023, 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.

Based on the 2024 experience analysis, dated January 3, 2025, for the period January 1, 2020, to December 31, 2023, revised actuarial assumptions were adopted by PERA's Board on January 17, 2025, and were effective as of December 31, 2024. The following assumptions

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were reflected in the roll forward calculation of the total pension liability from December 31, 2023, to December 31, 2024.

Salary increases, including wage inflation: 4.00%-13.40%

Salary scale assumptions were altered to better reflect actual experience.

Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.

The estimated administrative expense as a percentage of covered payroll was increased from 0.40% to 0.45%.

The adjustments for credibility applied to the Pub-2010 mortality tables for active and retired lives, including beneficiaries, were updated based on the experience. All mortality assumptions are developed on a benefit-weighted basis. Note that in all categories, displayed as follows, the mortality tables are generationally projected using the 2024 adjusted MP-2021 projection scale.

	Mortality Table	Adjustments, as Applicable
Pre-Retirement	PubT-2010 Employee	N/A
Post-Retirement (Retiree), Non-Disabled	PubT-2010 Healthy Retiree	Males: 106% of the rates for all ages Females: 86% of the rates prior to age 85/ 115% of the rates age 85 and older
Post-Retirement (Beneficiary), Non-Disabled	Pub-2010 Contingent Survivor	Males: 92% of the rates for all ages Females: 100% of the rates for all ages
Disabled	PubNS-2010 Disabled Retiree	95% of the rates for all ages

The long-term expected return on plan assets is monitored on an ongoing basis and reviewed as part of periodic experience studies prepared every four years, and asset/liability studies, performed every three to five years for PERA. The most recent analyses were outlined in the 2024 Experience Study report dated January 3, 2025.

Several factors were 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 expenses and inflation) were developed by the investment consultant 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 percentage and then adding expected inflation.

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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, and again at the Board's September 20, 2024 meeting. 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
Global Equity	51.00%	5.00%
Fixed Income	23.00%	2.60%
Private Equity	10.00%	7.60%
Real Estate	10.00%	4.10%
Alternatives ¹	6.00%	5.20%
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 rate of return assumption of 7.25%.

Discount rate. The discount rate used to measure 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 consisted 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 years, total covered payroll was assumed to increase annually at a rate of 3.00%.

Employee contributions were assumed to be made at the current 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.

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 the 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 percent every year until they are zero. Additionally, estimated employer contributions included 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.

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As specified in law, the State, as a nonemployer contributing entity, will provide an annual direct distribution of \$225 million (actual dollars), commencing July 1, 2018, that is proportioned between the State, School, Judicial, and DPS Division Trust Funds based upon the covered payroll of each Division. The annual direct distribution ceases when all Division Trust Funds are fully funded.

Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan 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 of the survivor benefits reserve, as appropriate. AIR transfers to the fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.

Benefit payments and contributions were assumed to be made at the middle of the year.

Based on the above assumptions and methods, the projection test indicates the SCHDTF's FNP was projected to be available to make all projected 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 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	\$16,627,065	\$12,263,943	\$8,609,219

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

6. Defined Contribution Pension Plan

Voluntary Investment Program

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

Funding Policy – The Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. The District has not agreed to match employee contributions. Employees are immediately vested in their own contributions, employer contributions and investment earnings. For the year ended June 30, 2025, program members contributed \$30,507 to the Voluntary Investment Program.

7. Other Post-Employment Benefits

Plan description- Eligible employees of the District are provided with OPEB through the HCTF—a cost-sharing multiple-employer defined benefit OPEB plan administered by PERA. The HCTF is established under Title 24, Article 51, Part 12 of the Colorado Revised Statutes (C.R.S.), as amended, 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 from time to time by the Colorado General Assembly. PERA issues a publicly available annual comprehensive financial report (AFCR) that can be obtained at www.copera.org/forms-resources/financial-reports-and-studies.

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

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

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

PERA Benefit Structure

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

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

Contributions. Pursuant to Title 24, Article 51, Section 208(1)(f) of the C.R.S., as amended, certain contributions are apportioned to the HCTF. PERA-affiliated employers of the State, School, Local Government, and Judicial Divisions are required to contribute at a rate of 1.02% 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 \$56,183 for the year ended June 30, 2025.

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

At June 30, 2025 the District reported a liability of \$217,597 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2024, and the total OPEB liability (TOL) used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2023. Standard update procedures were used to roll-forward the TOL to December 31, 2024. The District's proportion of the net OPEB liability was based on the District's contributions to the HCTF for the calendar year 2024 relative to the total contributions of participating employers to the HCTF.

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At December 31, 2024, the District proportion was .04551 percent, which was a decrease of .0019 percent from its proportion measured as of December 31, 2023.

For the year ended June 30, 2025, the District recognized OPEB expense of \$(83,432). At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience		\$ 47,997
Changes in assumptions	\$ 2,495	69,555
Net difference between projected and actual earnings on pension plan investments	738	
Changes in proportion and differences between contributions recognized and proportionate share of contributions		8,081
Contributions subsequent to the measurement date	30,023	
Total	<u>\$ 33,256</u>	<u>\$ 125,633</u>

\$30,023 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, 2026. 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:	
2026	\$ (36,709)
2027	(15,613)
2028	(24,623)
2029	(20,846)
2030	(15,880)
2031	(8,729)

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Actuarial assumptions. The TOL in the December 31, 2023 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 OPEB plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Health care cost trend rates	
PERA benefit structure:	
Service-based premium subsidy	0.00%
PERACare Medicare plans	16.00% in 2024, then 6.75% in 2025, gradually decreasing to 4.50% in 2034
 MAPD PPO #2	 105% in 2024, then 8.55% in 2025 gradually decreasing to 4.50% in 2034
 Medicare Part A premiums	 3.50% in 2024, gradually increasing to 4.50% in 2033

As of the December 31, 2024, measurement date, the FNP and related disclosure components for the HCTF reflect additional payments related to the disaffiliation of Tri-County Health Department (Tri-County Health) as a PERA-affiliated employer, effective December 31, 2022. The additional employer disaffiliation payment allocations to the HCTF and Local Government Division Trust Fund were \$0.020 million and \$0.486 million, respectively.

Each year the per capita health care costs are developed by plan option. As of the December 31, 2023 actuarial valuation, costs are based on 2024 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

<u>Participant Age</u>	<u>Annual Increase (Male)</u>	<u>Annual Increase (Female)</u>
65-68	2.2%	2.3%
69	2.8%	2.2%
70	2.7%	1.6%

MONTEZUMA COUNTY (DOLORES) SCHOOL DISTRICT RE-4A

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

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	\$1,710	\$1,420	\$585	\$486	\$1,897	\$1,575
70	\$1,921	\$1,589	\$657	\$544	\$2,130	\$1,763
75	\$2,122	\$1,670	\$726	\$571	\$2,353	\$1,853

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	\$6,536	\$5,429	\$4,241	\$3,523	\$7,063	\$5,866
70	\$7,341	\$6,073	\$4,764	\$3,941	\$7,933	\$6,563
75	\$8,110	\$6,385	\$5,262	\$4,143	\$8,763	\$6,900

The 2024 Medicare Part A premium is \$505 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. PERACare Medicare plan rates are applied where members have no premium-free Part A and where those premiums are already exceeding the maximum subsidy. MAPD PPO #2 has a separate trend because the first year rates are still below the maximum subsidy and to reflect the estimated impact of the Inflation Reduction Act for that plan option.

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

MONTEZUMA COUNTY (DOLORES) SCHOOL DISTRICT RE-4A

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

Year	PERACare Medicare Plans ¹	MAPD PPO #21	Medicare Part A Premiums
2024	16.00%	105.00%	3.50%
2025	6.75%	8.55%	3.75%
2026	6.50%	8.10%	3.75%
2027	6.25%	7.65%	4.00%
2028	6.00%	7.20%	4.00%
2029	5.75%	6.75%	4.25%
2030	5.50%	6.30%	4.25%
2031	5.25%	5.85%	4.25%
2032	5.00%	5.40%	4.25%
2033	4.75%	4.95%	4.50%
2034+	4.50%	4.50%	4.50%

Increase in 2024 trend rates due to the effect of the Inflation Reduction Act

Mortality assumptions used in the December 31, 2023, valuation for the Division Trust Funds as shown in the following table, reflect generational mortality and were applied, as applicable, in the December 31, 2023, valuation for the HCTF, but developed using a headcount-weighted basis. Note that in all categories, displayed as follows, the mortality tables are generationally projected using scale MP-2019. Affiliated employers of the State, School, Local Government, and Judicial Divisions participate in the HCTF.

Pre-Retirement	Mortality Table	Adjustments, as Applicable
State and Local Government Divisions (members other than Safety Officers)	PubG-2010 Employee	N/A
Safety Officers	PubS-2010 Employee	N/A
School Division	PubT-2010 Employee	N/A
Judicial Division	PubG-2010(A) Above-Median Employee	N/A
Post-Retirement (Retiree), Non-Disabled	Mortality Table	Adjustments, as Applicable
State and Local Government Divisions (members other than Safety Officers)	PubG-2010 Healthy Retiree	Males: 94% of the rates prior to age 80/ 90% of the rates age 80 and older Females: 87% of the rates prior to age 80/ 107% of the rates age 80 and older
Safety Officers	PubS-2010 Healthy Retiree	N/A
School Division	PubT-2010 Healthy Retiree	Males: 112% of the rates prior to age 80/ 94% of the rates age 80 and older Females: 83% of the rates prior to age 80/ 106% of the rates age 80 and older

MONTEZUMA COUNTY (DOLORES) SCHOOL DISTRICT RE-4A

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2025

Judicial Division	PubG-2010(A) Above-Median Healthy Retiree	N/A
Post-Retirement (Beneficiary), Non-Disabled	Mortality Table	Adjustments, as Applicable
All Beneficiaries	Pub-2010 Contingent Survivor	Males: 97% of the rates for all ages Females: 105% of the rates for all ages
Disabled	Mortality Table	Adjustments, as Applicable
Members other than Safety Officers	PubNS-2010 Disabled Retiree	99% of the rates for all ages
Safety Officers	PubS-2010 Disabled Retiree	N/A

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, 2023, 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 were updated to reflect costs for the 2024 plan year.
- The health care cost trend rates applicable to health care premiums were revised to reflect the current expectation of future increases in those premiums. A separate trend rate assumption set was added for MAPD PPO #2 as the first-year rate is still below the maximum subsidy and also the assumption set reflects the estimated impact of the Inflation Reduction Act for that plan option.
- The Medicare health care plan election rate assumptions were updated effective as of the December 31, 2023, valuation date based on an experience analysis of recent data.

The actuarial assumptions used in the December 31, 2023, 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.

Based on the 2024 experience analysis, dated January 3, 2025, for the period January 1, 2020, to December 31, 2023, revised actuarial assumptions were adopted by PERA's Board on January 17, 2025, and were effective as of December 31, 2024. The following assumptions were reflected in the roll forward calculation of the total OPEB liability from December 31, 2023, to December 31, 2024.

MONTEZUMA COUNTY (DOLORES) SCHOOL DISTRICT RE-4A

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

	State Division	School Division	Local Government Division	Judicial Division
Salary increases, including wage inflation:				
Members other than Safety Officers	2.70%-13.30%	4.00%-13.40%	3.40%-13.00%	2.30%-4.70%
Safety Officers	3.20%-16.30%	N/A	3.20%-16.30%	N/A

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

- Salary scale assumptions were altered to better reflect actual experience.
- Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.
- Participation rates were reduced.
- MAPD premium costs are no longer age graded.

Plan	With Medicare Part A	Without Medicare Part A
MAPD PPO #1	\$1,824	\$6,972
MAPD PPO #2	624	4,524
MAPD HMO (Kaiser)	2,040	7,596

The adjustments for credibility applied to the Pub-2010 mortality tables for active and retired lives, including beneficiaries, were updated based on the experience. Note that in all categories, the mortality tables are generationally projected using the 2024 adjusted MP-2021 project scale. These assumptions updated for the Division Trust Funds, were also applied in the roll forward calculations for the HCTF using a headcount-weighted basis. Affiliated employers of the State, School, Local Government, and Judicial Divisions participate in the HCTF.

Pre-Retirement	Mortality Table	Adjustments, as Applicable
State and Local Government Divisions (members other than Safety Officers)	PubG-2010 Employee	N/A
Safety Officers	PubS-2010 Employee	N/A
School Division	PubT-2010 Employee	N/A
Judicial Division	PubG-2010(A) Above-Median Employee	N/A
Post-Retirement (Retiree), Non-Disabled	Mortality Table	Adjustments, as Applicable
State and Local Government Divisions (members other than Safety Officers)	PubG-2010 Healthy Retiree	Males: 90% of the rates for all ages Females: 85% of the rates prior to age 85/ 105% of the rates age 85 and older

MONTEZUMA COUNTY (DOLORES) SCHOOL DISTRICT RE-4A

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2025

Safety Officers	PubS-2010 Healthy Retiree	N/A
School Division	PubT-2010 Healthy Retiree	Males: 106% of the rates for all ages Females: 86% of the rates prior to age 85/ 115% of the rates age 85 and older
Judicial Division	PubG-2010(A) Above-Median Healthy Retiree	N/A
Post-Retirement (Beneficiary), Non-Disabled	Mortality Table	Adjustments, as Applicable
All Beneficiaries	Pub-2010 Contingent Survivor	Males: 92% of the rates for all ages Females: 100% of the rates for all ages
Disabled	Mortality Table	Adjustments, as Applicable
Members other than Safety Officers	PubNS-2010 Disabled Retiree	95% of the rates for all ages
Safety Officers	PubS-2010 Disabled Retiree	N/A

The actuarial assumptions pertaining to per capita health care costs and their related trend rates are analyzed annually and updated, as appropriate, by the PERA Board’s actuary.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four to five years for PERA. Recently this assumption has been reviewed more frequently. The most recent analyses were outlined in the 2024 Experience Study report dated January 3, 2025.

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	51.00%	5.00%
Fixed Income	23.00%	2.60%
Private Equity	10.00%	7.60%
Real Estate	10.00%	4.10%
Alternatives ¹	6.00%	5.20%

MONTEZUMA COUNTY (DOLORES) SCHOOL DISTRICT RE-4A

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

Total	100.00%	
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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 rate of return assumption of 7.25%.

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	5.75%	6.75%	7.75%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial MAPD PPO #2 trend rate	7.55%	8.55%	9.55%
Ultimate MAPD PPO #2 trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	2.75%	3.75%	4.75%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability	211,734	217,597	224,232

Discount rate. The discount rate used to measure the TOL was 7.25%. The basis for the projection of liabilities and the FNP used to determine the discount rate was an actuarial valuation performed December 31, 2023, and the financial status of the HCTF as of the current measurement date (December 31, 2024). 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, 2024, measurement date.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00%.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Estimated transfers of dollars into the HCTF representing a portion of purchase service agreements intended to cover the costs associated with OPEB benefits.

MONTEZUMA COUNTY (DOLORES) SCHOOL DISTRICT RE-4A

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

- Benefit payments and contributions were assumed to be made at the middle of the year.
- As of the December 31, 2024, measurement date, the FNP and related disclosure components for the HCTF reflect additional payments related to the disaffiliation of Tri-County Health Department as a PERA-affiliated employer, effective December 31, 2022. The additional employer disaffiliation payment allocations to the HCTF and Local Government Division Trust Fund were \$0.020 million and \$0.486 million, respectively.

Based on the above assumptions and methods, the HCTF’s FNP was projected to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25% on OPEB plan investments was applied to all periods of projected benefit payments to determine the TOL. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25%. 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:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	266,668	217,597	175,291

OPEB plan fiduciary net position. Detailed information about the HCTF’s FNP is available in PERA’s comprehensive annual financial report which can be obtained at www.copera.org/forms-resources/financial-reports-and-studies.

8. Accrued Salaries and Benefits – Certified instructors of the District are contracted for nine months annually between Labor Day and June 1. These instructors, while only working nine months, are paid for their services in twelve equal monthly installments. On June 30 of each year they have completed their entire contract, but have only received 10/12 of the related compensation with the difference to be paid over the summer break. The difference, totaling \$974,591 is reflected as an accrued expense at June 30.

9. General Long Term Debt-

2013 General Obligation Bonds Payable- In November of 2012, the voters of the District approved the issuance of \$3,470,000 of general obligation bonds. The bonds were issued January 9, 2013 for the purpose of providing matching money for the State of Colorado Building Excellent Schools Today (BEST) grant program. The proceeds, along with the grant funds will be used for the construction of District facilities. The bonds are payable in annual installments and bear interest ranging from 2% to 3%. The repayment of the bonds is recorded in the Debt Service Fund.

MONTEZUMA COUNTY (DOLORES) SCHOOL DISTRICT RE-4A

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

The annual requirements to amortize the Series 2013 bonds outstanding at June 30, 2025 are as follows:

<u>Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
December 1, 2025	\$ 235,000	\$ 62,100	\$ 297,100
December 1, 2026	240,000	55,050	295,050
December 1, 2027	245,000	47,850	292,850
December 1, 2028	255,000	40,500	295,500
December 1, 2029	260,000	32,850	292,850
2030-2032	835,000	50,550	885,550
Total	<u>\$ 2,070,000</u>	<u>\$ 288,900</u>	<u>\$ 2,358,900</u>

2024 General Obligation Bonds Payable- In November of 2024, the voters of the District approved the issuance of \$10,110,000 of general obligation bonds. The bonds were issued for the purpose of providing matching money for the State of Colorado Building Excellent Schools Today (BEST) grant program. The proceeds, along with the grant funds will be used for the major renovation and construction of District facilities. The bonds are payable in annual installments and bear interest ranging from 5.0% to 5.5%. The repayment of the bonds is accounted for in the Debt Service Fund.

The annual requirements to amortize the Series 2024 bonds outstanding at June 30, 2025 are as follows:

<u>Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
December 1, 2025	\$ 165,000	\$ 410,780	\$ 575,780
December 1, 2026	50,000	527,550	577,550
December 1, 2027	55,000	525,050	580,050
December 1, 2028	55,000	522,300	577,300
December 1, 2029	60,000	519,550	579,550
2030-2034	930,000	2,537,000	3,467,000
2035-2039	2,220,000	2,139,500	4,359,500
2040-2044	2,855,000	1,507,450	4,362,450
2045-2049	3,720,000	635,800	4,355,800
Total	<u>\$10,110,000</u>	<u>\$ 9,324,980</u>	<u>\$19,434,980</u>

MONTEZUMA COUNTY (DOLORES) SCHOOL DISTRICT RE-4A

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

Changes in Long-Term Debt- A summary of changes in general long-term debt follows:

<u>Description</u>	<u>Balance Beginning</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance Ending</u>
General Obligation Bonds:				
2013 Series	\$ 2,295,000		\$ (225,000)	\$ 2,070,000
2024 Series		\$ 10,110,000		10,110,000
	<u>\$ 2,295,000</u>	<u>\$ 10,110,000</u>	<u>\$ (225,000)</u>	<u>\$ 12,180,000</u>

10. Inter-fund Operating Transfers – consist of the following:

	<u>Transfer in</u>	<u>Transfer out</u>
General Fund		\$ 540,000
Capital Projects Fund	\$ 540,000	
Total	<u>\$ 540,000</u>	<u>\$ 540,000</u>

The transfer was made for the purpose of subsidizing the Capital Projects Fund.

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

Non-spendable

Inventory- indicates that the portion of fund balance represented by inventories is not available for appropriation and expenditure at the balance sheet date. Non-spendable fund balance related to inventory consists of \$8,703 in the Lunch Fund.

Restricted

TABOR – indicates that a portion of the fund balance has been segregated for expenditures for declared emergencies only. Fund balance restricted for TABOR consists of \$350,000 in the General Fund.

Debt Service- indicates the amount of fund balance that is restricted for the repayment of the District’s outstanding general obligation bonds. Fund balance restricted for debt service consists of \$1,136,936 in the Debt Service Fund.

MONTEZUMA COUNTY (DOLORES) SCHOOL DISTRICT RE-4A

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2025

Food Service-indicates the amount of fund balance that is restricted for food service operations within the District. Fund balance restricted for food service consists of \$58,560 in the Lunch Fund.

Student Activities-indicates that the fund balance in the Student Activity Fund is restricted for student activities within the District. Fund balance restricted for student activities consists of \$152,048 in the Student Activity Fund.

School Construction- indicates that the fund balance in the Building Fund is restricted for the construction and renovation of District facilities pursuant to the issuance of general obligation bonds related to the BEST grant program. Fund balance restricted for construction consists of \$10,722,163 in the Building Fund.

Assigned

Assigned for future expenditures – indicates anticipated fund balance available for appropriation in the next budget year. Fund balance assigned for future expenditures consists of \$5,370,033 in the General Fund and \$231,820 in the Capital Projects Fund.

- 12. Risk Management** – The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District is a member of the Colorado School Districts Self-Insurance Pool (The Pool). The Pool was formed in 1981 to provide 93 member school districts and related educational facilities with defined property and liability coverage through joint self-insurance and excess insurance. The District pays an annual premium for its general insurance coverage. The Pool is self-sustaining through member premiums and obtains excess insurance to limit per occurrence exposure to \$250,000.

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

- 13. Tax, Spending, and Debt Limitations** – Colorado Voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local governments. The people of the District voted to authorize the spending of all monies in existing funds and to collect, retain, and expend the full revenue, including state grants and taxes, generated during fiscal year 1998 and for each subsequent year regardless of any limitation contained in Article X, Section 20, of the Colorado Constitution. The Amendment is complex and subject to judicial interpretation. The District believes it is in compliance with all other requirements of the amendment. However, the District has made certain interpretations of the amendment's language in order to determine its compliance.

- 14. Commitments and Contingent Liabilities** – There were no commitments or contingent liabilities at June 30.

MONTEZUMA COUNTY (DOLORES) SCHOOL DISTRICT RE-4A

Required Supplementary Information

June 30, 2025

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

Such information includes:

Pension Schedules

Schedule of District Contributions

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

OPEB Schedules

Schedule of District Contributions

Schedule of the District's Proportionate Share of the Net OPEB Liability

MONTEZUMA COUNTY (DOLORES) SCHOOL DISTRICT RE-4A
Schedules of Required Supplementary Information
Schedule of District Pension Contributions
June 30, 2025

	Last 10 Years									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Contractually required contribution	\$ 665,237	\$ 682,068	\$ 743,938	\$ 801,280	\$ 806,899	\$ 805,493	\$ 967,630	\$ 1,028,965	\$ 1,129,242	\$ 1,122,892
Contributions in relation to the contractually required contribution	665,237	682,068	743,938	801,280	806,899	805,493	967,630	1,028,965	1,129,242	1,122,892
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 3,751,057	\$ 3,751,058	\$ 3,938,181	\$ 4,188,600	\$ 4,163,567	\$ 4,051,142	\$ 4,867,356	\$ 5,048,889	\$ 5,541,971	\$ 5,508,150
Contributions as a percentage of covered payroll	17.73%	18.18%	18.89%	19.13%	19.38%	19.88%	19.88%	20.38%	20.38%	20.39%

Notes to Required Supplementary Information

Note 1—Significant Changes in Plan Provisions Affecting Trends in Actuarial Information
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 schedule for receipt July 1, 2020, suspended due to the enactment of House Bill (HB) 20-1379, but not fully repaid through the provisions within HB 22-1029. Pursuant to SB 23-056, the State Treasurer issued a warrant consisting of the balance of the PERA Payment Cash Fund, created in §24-51-416, plus \$10 million from the General Fund, totaling \$14.561 million.

As of the December 31, 2023, measurement date, the total pension liability (TPL) recognizes the change in the default method applied for granting service accruals for certain members, from a "12-pay" method to a "non-12-pay" method. The default service accrual method for positions with an employment pattern of a least eight months but fewer than twelve 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 2—Significant Changes in Assumptions or Other Inputs Affecting Trends in Actuarial Information
2024 Changes in Assumptions or Other Inputs Since 2023

Salary scale assumptions were altered to better reflect actual experience
 Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience
 The Pub-2010 Public Retirement Plans Mortality base tables were retained for purposes of active, retired, disabled, and beneficiary lives, with revised adjustment for credibility and gender, where applicable. In addition, the applied generational projection scale was updated to the 2024 adjusted scale MP-2021.
 The estimated administrative expense as a percentage of covered payroll was increased from 0.40% to 0.45%

Subsequent Events

SB-25-310, enacted June 2, 2025, and effective immediately, allows PERA to accept a series of warrants from the State Treasurer totaling \$500 million (actual dollars) on or after July 1, 2025 and before October 1, 2025. These dollars are to be proportioned over time to replace reductions to future direct distributions intended to fund the Peace Officer Training and Support Fund and, at that time, will be allocated to the appropriate Division Trust Fund(s) within PERA. SB-25-310 also allows for an alternative actuarial method to allocate the direct distribution if the allocation, based on the reported payroll of each participating division, results in an AAP assessment ratio below the 98% benchmark.

See also Note 5 in the accompanying Notes to the Financial Statements for factors that significantly affect trends in the amounts reported.

MONTEZUMA COUNTY (DOLORES) SCHOOL DISTRICT RE-4A
Schedules of Required Supplementary Information
Schedule of District OPEB Contributions
June 30, 2025

Last 10 Years

	2017	2018	2019	2020	2021	2022	2023	2024	2025
Contractually required contribution	\$ 37,779	\$ 40,169	\$ 42,724	\$ 42,468	\$ 41,322	\$ 49,647	\$ 51,499	\$ 56,528	\$ 56,183
Contributions in relation to the contractually required contribution	37,779	40,169	42,724	42,468	41,322	49,647	51,499	56,528	56,183
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 3,703,786	\$ 3,938,181	\$ 4,188,600	\$ 4,163,567	\$ 4,051,142	\$ 4,867,356	\$ 5,048,889	\$ 5,541,971	\$ 5,508,150
Contributions as a percentage of covered payroll	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%

Information is not available for years prior to 2017

Notes to Required Supplementary Information

Note 1—Significant Changes in Plan Provisions Affecting Trends in Actuarial Information

2024 Changes in Plan Provisions Since 2023

As of a the December 31, 2024 measurement date, the FNP and related disclosure components for HCTF reflect additional payments related to the disaffiliation of the Tri-County Health Department as a PERA-affiliated employer, effective December 31, 2022. The additional employer disaffiliation payment allocations to the HCTF and Local Government Division Trust Fund were \$0.020 million and \$0.486 million respectively.

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) reflects 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 2- Significant Changes is Assumptions or Other Inputs Affecting Trends in the Actuarial Information

2024 Changes in Assumptions or Other Inputs Since 2023

Salary scale assumptions were altered to better reflect actual experience

Rates of termination/withdrawl, retirement, and disability were revised to more closely reflect actual experience

The adjustments for credibility applied to the Pub-210 mortality tables for active and retired lives, including beneficiaries, were updated based upon experience. In addition, the mortality projection scale was updated to the 2024 adjusted scale MP-2021 to reflect future improvements in mortality for all groups.

Participation rates were reduced

MAPD premium costs are no longer age graded.

See also Note 7 in the accompanying Notes to the Financial Statements for factors that significantly affect trends in the amounts reported.

MONTEZUMA COUNTY (DOLORES) SCHOOL DISTRICT RE-4A
Schedules of Required Supplementary Information
Schedule of the District's Proportionate Share of the Net Pension Liability

Last 10 Years

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
District's proportion of the net pension liability (asset)	0.0861%	0.0831%	0.0816%	0.0733%	0.0727%	0.0759%	0.0694%	0.0653%	0.0794%	0.0711%
District's share of the net pension liability (asset)	\$ 13,164,504	\$ 24,732,798	\$ 26,374,075	\$ 12,984,144	\$ 10,865,187	\$ 11,470,689	\$ 8,077,775	\$ 11,878,019	\$ 14,033,359	\$ 12,263,943
District's share of State's share of the net pension liability as a nonemployer contributing entity		\$ 1,775,401	\$ 1,378,111	-			\$ 926,093	\$ 1,577,612	\$ 1,474,938	\$ 110,497
Total		<u>\$ 14,759,545</u>	<u>\$ 12,243,298</u>	<u>\$ 11,470,689</u>	<u>\$ 9,003,868</u>	<u>\$ 13,455,631</u>	<u>\$ 15,508,297</u>	<u>\$ 12,374,440</u>		
District's covered payroll	\$ 3,751,057	\$ 3,703,786	\$ 3,938,181	\$ 4,188,600	\$ 4,163,567	\$ 4,051,142	\$ 4,867,356	\$ 5,048,889	\$ 5,246,326	\$ 5,492,296
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	350.95%	667.77%	669.70%	309.99%	294.06%	283.15%	166.0%	235.3%	267.5%	225.3%
Plan fiduciary net position as a percentage of the total pension liability	59.16%	43.13%	43.96%	57.01%	64.52%	66.99%	74.86%	61.79%	64.74%	67.17%

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

Notes to Required Supplementary Information
See Note 5 in the accompanying Notes to the Financial Statements for factors that significantly affect trends in the amounts reported.

MONTEZUMA COUNTY (DOLORES) SCHOOL DISTRICT RE-4A
Schedules of Required Supplementary Information
Schedule of the District's Proportionate Share of the Net OPEB Liability

Last 10 Years

	2017	2018	2019	2020	2021	2022	2023	2024	2025
District's proportion of the net OPEB liability (asset)	0.047%	0.046%	0.048%	0.048%	0.044%	0.045%	0.049%	0.048%	0.046%
District's share of the net OPEB liability (asset)	\$ 612,188	\$ 602,275	\$ 648,478	\$ 534,378	\$ 417,074	\$ 390,805	\$ 405,061	\$ 338,849	\$ 217,597
District's covered payroll	\$ 3,703,786	\$ 3,938,181	\$ 4,188,600	\$ 4,163,567	\$ 4,051,142	\$ 4,867,356	\$ 5,048,889	\$ 5,246,326	\$ 5,492,296
District's proportionate share of the OPEB liability as a percentage of its covered payroll	16.53%	15.29%	15.48%	12.83%	10.30%	8.03%	8.02%	6.46%	3.96%
Plan fiduciary net position as a percentage of the total OPEB liability	20.07%	21.25%	17.03%	24.49%	32.78%	39.40%	38.57%	46.16%	59.83%

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

Information is not available for years prior to 2017

Notes to Required Supplementary Information

See Note 7 in the accompanying Notes to the Financial Statements for factors that significantly affect trends in the amounts reported.

MONTEZUMA COUNTY (DOLORES) SCHOOL DISTRICT RE-4A

Other Supplementary Information

June 30, 2025

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

These statements and schedules include:

Budgetary Comparison Schedules
Capital Reserve Capital Projects Fund
Debt Service Fund
Student Activity Fund
Building Fund

MONTEZUMA COUNTY (DOLORES) SCHOOL DISTRICT RE-4A

Schedule of Revenues, Expenditures and Changes in
Fund Balances- Budget and Actual
Capital Reserve Capital Projects Fund

For the Year Ended June 30, 2025

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
Local sources				
Earnings on investments	\$ 2,500	\$ 2,500	\$ 2,373	\$ (127)
Total revenues	<u>2,500</u>	<u>2,500</u>	<u>2,373</u>	<u>(127)</u>
Expenditures				
Operations and plant maintenance	220,000	384,500	74,502	309,998
Student transportation	100,000			-
Central support	45,000	45,000	41,872	3,128
Facilities	64,672	230,000	351,837	(121,837)
Appropriated reserves	30,258	40,656		40,656
Total expenditures	<u>459,930</u>	<u>700,156</u>	<u>468,211</u>	<u>231,945</u>
Other financing sources (uses)				
Transfer in (out)	300,000	540,000	540,000	-
Total other financing sources (uses)	<u>300,000</u>	<u>540,000</u>	<u>540,000</u>	<u>-</u>
Excess of revenues and other sources over (under) expenditures and other uses	(157,430)	(157,656)	74,162	231,818
Fund balance, beginning	157,430	157,656	157,658	2
Fund balance, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 231,820</u>	<u>\$ 231,820</u>

MONTEZUMA COUNTY (DOLORES) SCHOOL DISTRICT RE-4A

Schedule of Revenues, Expenditures and Changes in
Fund Balances- Budget and Actual
Debt Service Fund

For the Year Ended June 30, 2025

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
Local sources				
Current property tax	\$ 234,983	\$ 1,200,000	\$ 1,129,064	\$ (70,936)
Earnings on investments	16,500	21,500	19,890	(1,610)
Delinquent tax and interest			942	942
Other			330	330
Total local sources	251,483	1,221,500	1,150,226	(71,274)
Total revenues	251,483	1,221,500	1,150,226	(71,274)
Expenditures				
Supporting services				
Other uses	500	1,500	600	900
Debt Service				
Principal	225,000	225,000	225,000	-
Interest	65,475	215,861	208,355	7,506
Appropriated reserves	374,856	1,199,804		1,199,804
Total expenditures	665,831	1,642,165	433,955	1,208,210
Excess revenue over (under) expenditures	(414,348)	(420,665)	716,271	1,136,936
Fund balance, beginning	414,348	420,665	420,665	-
Fund balance, ending	\$ -	\$ -	\$ 1,136,936	\$ 1,136,936

MONTEZUMA COUNTY (DOLORES) SCHOOL DISTRICT RE-4A

Schedule of Revenues, Expenditures and Changes in
Fund Balances- Budget and Actual
Student Activity Fund

For the Year Ended June 30, 2025

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
Local sources				
Earnings on investments			\$ 107	\$ 107
Miscellaneous	\$ 50,000	\$ 110,000	193,631	83,631
Total local sources	50,000	110,000	193,738	83,738
Total revenues	50,000	110,000	193,738	83,738
Expenditures				
Instruction	196,320	238,358	180,048	58,310
Appropriated reserves	10,000	10,000		10,000
Total expenditures	206,320	248,358	180,048	68,310
Excess of revenues over (under) expenditures	(156,320)	(138,358)	13,690	152,048
Fund balance, beginning	156,320	138,358	138,358	-
Fund balance, ending	\$ -	\$ -	\$ 152,048	\$ 152,048

MONTEZUMA COUNTY (DOLORES) SCHOOL DISTRICT RE-4A

Schedule of Revenues, Expenditures and Changes in
Fund Balances- Budget and Actual
Building Fund

For the Year Ended June 30, 2025

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
Revenues				
Local Sources				
Earnings on investments			\$ 164,516	\$ 164,516
State Sources				
BEST Grant	\$ 19,776,553	\$ 19,776,553	689,680	(19,086,873)
Total revenues	19,776,553	19,776,553	854,196	(18,922,357)
Expenditures				
Facilities acquisition				
Property	29,885,001	29,885,001	1,042,213	28,842,788
Other uses			106,700	(106,700)
Total expenditures	29,885,001	29,885,001	1,148,913	28,736,088
Other financing sources (uses)				
Proceeds from BEST bonds	10,108,448	10,108,448	10,110,000	1,552.00
Issuance premium on BEST bonds			906,880	906,880.00
Total other financing sources (uses)	10,108,448	10,108,448	11,016,880	908,432.00
Excess of revenues and other sources over (under) expenditures and other uses	-	-	10,722,163	10,722,163
Fund balance, beginning	-	-	-	-
Fund balance, ending	\$ -	\$ -	\$ 10,722,163	\$ 10,722,163

INFORMATION REQUIRED BY OVERSIGHT AUTHORITIES



Colorado Department of Education

Auditors Integrity Report

District: 2055 - Dolores RE-4A
Fiscal Year 2024-25

Colorado School District/BOCES

Revenues, Expenditures, & Fund Balance by Fund

Fund Type & Number	Governmental	Beg Fund Balance & Prior Per Adj (6880*)	1000 - 5999 Total Revenues & Other Sources	0001-0999 Total Expenditures & Other Uses	6700-6799 & Prior Per Adj Ending Fund Balance
		+		-	=
10	General Fund	5,662,830	9,767,144	9,709,941	5,720,032
18	Risk Mgmt Sub-Fund of General Fund	0	0	0	0
19	Colorado Preschool Program Fund	0	0	0	0
	Sub- Total	5,662,830	9,767,144	9,709,941	5,720,032
11	Charter School Fund	0	0	0	0
20,26-29	Special Revenue Fund	0	0	0	0
06	Supplemental Cap Const, Tech, Main. Fund	0	0	0	0
07	Total Program Reserve Fund	0	0	0	0
21	Food Service Spec Revenue Fund	88,164	339,520	360,421	67,263
22	Govt Designated-Purpose Grants Fund	0	0	0	0
23	Pupil Activity Special Revenue Fund	138,358	193,737	180,048	152,048
25	Transportation Fund	0	0	0	0
31	Bond Redemption Fund	420,665	1,150,226	433,955	1,136,937
39	Certificate of Participation (COP) Debt Service Fund	0	0	0	0
41	Building Fund	0	1,187,076	1,148,913	10,722,163
42	Special Building Fund	0	0	0	0
43	Capital Reserve Capital Projects Fund	157,658	542,374	468,211	231,820
46	Supplemental Cap Const, Tech, Main Fund	0	0	0	0
	Totals	6,467,675	23,864,077	12,301,490	18,030,263
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	

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

9/24/25

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