

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

Accountants' Reports
and
Basic Financial Statements

June 30, 2022

MONTEZUMA COUNTY (DOLORES) SCHOOL DISTRICT RE-4A

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Montezuma County (Dolores) School District RE-4A, as of and for the year ended June 30, 2022, 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, 2022, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of 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 and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government 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

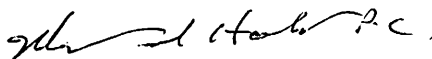
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, Schedule of District Pension Contributions, Schedule of the District's Proportionate Share of the Net Pension Liability, Schedule of District OPEB Contributions, and Schedule 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, Colorado Department of Education Auditors' Integrity Report and the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 schedule, Colorado Department of Education Auditors' Integrity Report, and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 25, 2022 on our consideration of Montezuma County Colorado's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Montezuma County (Dolores) School District RE-4A's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Montezuma County (Dolores) School District RE-4A's internal control over financial reporting and compliance.



Majors and Haley P.C.
October 25, 2022

MONTEZUMA COUNTY (DOLORES) SCHOOL DISTRICT RE-4A

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) For the Year Ended June 30, 2022

FINANCIAL HIGHLIGHTS

Key financial highlights for the District in fiscal year 2022 are as follows:

- In total, net position increased \$3,573,656 from \$(1,562,297) to \$2,011,359.
- General revenues accounted for \$7,585,446 in revenue or 80 percent of all revenues. Program specific revenues in the form of charges for services, grants and contributions accounted for \$1,944,209 or 20 percent of total revenues of \$9,529,655.
- Governmental activities total assets increased by \$9,775 and deferred outflows of resources decreased by \$802,931. Total liabilities decreased by \$3,563,533. Total deferred inflows of resources decreased by \$803,279.
- The District incurred \$5,955,999 in expenses related to government activities. \$1,944,209 of these expenses was offset by program specific charges for services, grants and contributions. General revenues (primarily state equalization and property taxes) of \$7,585,446 were adequate to cover the balance of the cost of these programs.
- Among the major funds, the General Fund had \$8,637,019 in revenues and \$8,719,834 in expenditures including transfers. Its fund balance decreased by \$82,815 from \$5,334,366 to \$5,251,551.

MONTEZUMA COUNTY (DOLORES) SCHOOL DISTRICT RE-4A

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) For the Year Ended June 30, 2022

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, 2022

- 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, 2022

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Total assets increased by \$9,775. Net capital assets decreased by \$31,518. Total liabilities decreased by \$3,563,533.

The District's combined net position was larger on June 30, 2022 than it was at June 30, 2021, increasing by \$3,573,656 to \$2,011,359).

Table 1 provides a summary of the District's net position for 2022 compared to 2021:

Table 1
Condensed Statement of Net Position
(In millions)

	Governmental Activities	
	<u>2022</u>	<u>2021</u>
Assets		
Current assets	\$ 6.946	\$ 6.905
Capital assets	9.454	9.485
Total assets	<u>16.400</u>	<u>16.390</u>
Deferred outflows	<u>1.482</u>	<u>2.285</u>
Liabilities		
Current liabilities	1.017	0.947
Noncurrent liabilities	10.984	14.617
Total liabilities	<u>12.001</u>	<u>15.564</u>
Deferred inflows of resources	<u>3.870</u>	<u>4.673</u>
Net Position		
Net invest capital assets	6.724	6.551
Restricted	0.939	0.899
Unrestricted	(5.652)	(9.012)
Total net position	<u>\$ 2.011</u>	<u>\$ (1.562)</u>

MONTEZUMA COUNTY (DOLORES) SCHOOL DISTRICT RE-4A

MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)

For the Year Ended June 30, 2022

Table 2 shows the changes in net position for fiscal year 2022 as compared to 2021.

Table 2
Changes in Net Position
(In millions)

	Governmental Activities	
	2022	2021
Revenues		
Program revenues		
Charges for services	\$ 0.397	\$ 0.295
Operating grants & contributions	1.548	1.351
Capital grants & contributions	-	-
General revenues		
Property taxes	2.031	2.020
State equalization	4.889	4.472
Other	0.665	0.436
Total revenues	9.530	8.574
Expenses		
Instruction	2.984	2.253
Pupil and instructional services	0.378	0.319
Administration and business	0.611	0.461
Maintenance and operations	0.714	0.646
Transportation	0.309	0.240
Food Service	0.281	0.170
Other	0.679	0.811
Total expenses	5.956	4.900
Increase (decrease) in net position	\$ 3.574	\$ 3.674

MONTEZUMA COUNTY (DOLORES) SCHOOL DISTRICT RE-4A

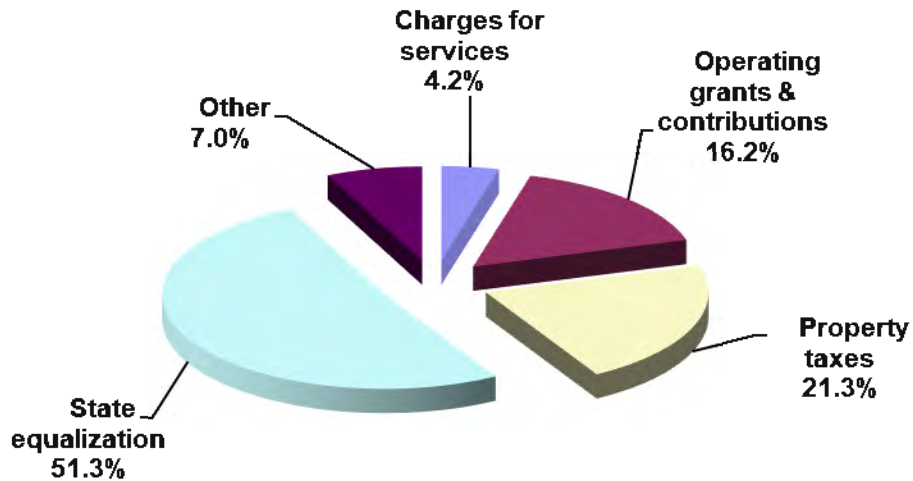
**MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)**

For the Year Ended June 30, 2022

State equalization and property taxes accounted for most of the District's total revenue, with each contributing 51.3 percent and 21.3 percent respectively (See Table 3). Another 16.2 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, (50 percent) (See Table 4). The District's administrative and business activities accounted for 10 percent of total costs.

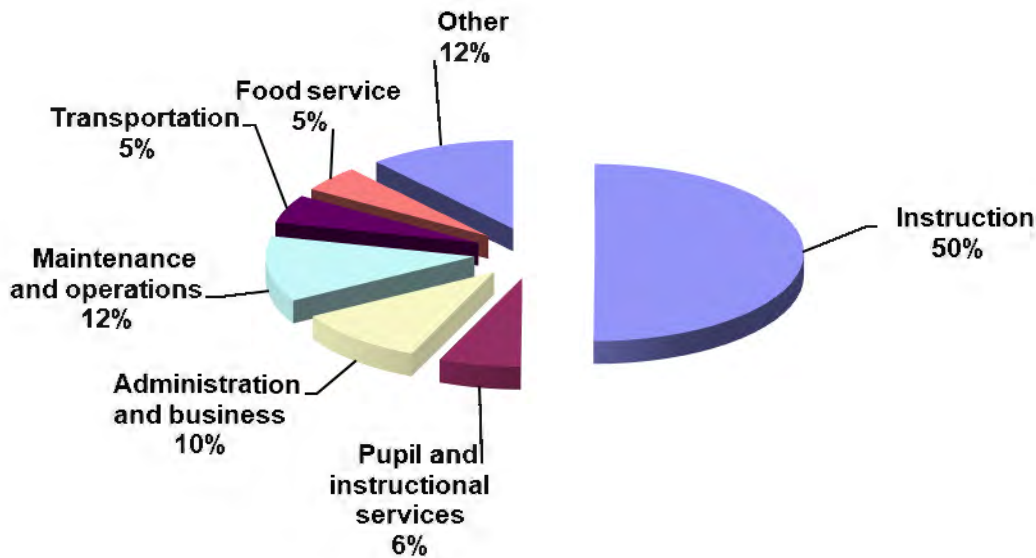
Table 3
Sources of Revenue for Fiscal Year 2022



MONTEZUMA COUNTY (DOLORES) SCHOOL DISTRICT RE-4A

**MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
For the Year Ended June 30, 2022**

**Table 4
Expenses for Fiscal Year 2022**



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 \$9,506 per funded student. In fiscal year 2021 the funded pupil count was 678. Funding for the SFA comes from property taxes, specific ownership taxes and state equalization. The District receives approximately 71 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, 2022

Table 5
Government Activities
(In millions)

	Total Cost of Services		Net Cost of Services	
	2022	2021	2022	2021
Instruction	\$ 2.984	\$ 2.253	\$ 1.885	\$ 1.386
Pupil and instructional services	0.378	0.319	0.127	0.004
Administration and business	0.611	0.461	0.611	0.461
Maintenance and operations	0.714	0.646	0.582	0.536
Transportation	0.309	0.240	0.252	0.169
Food service	0.281	0.170	(0.092)	(0.067)
Other	0.679	0.811	0.647	0.765
Total	\$ 5.956	\$ 4.900	\$ 4.012	\$ 3.254

- The cost of all governmental activities during the year was \$5.956 million.
- Some of the cost was financed by the users of the District's programs (\$0.397 million)
- Federal, state and local grants subsidized certain programs with grants and contributions (\$1.548 million).
- However, most of the District's costs (\$7.585 million) were financed by State and District taxpayers. This portion of governmental activities was mainly financed with \$4.889 million in state equalization and \$2.247 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, 2022**

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 of \$9.397 million and expenditures of \$9.499 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 decreasing appropriations by \$344,048 mainly to reflect revenues that were less than anticipated at the time of the original budget.

- Actual expenditures were \$4.439 million below budget.

CAPITAL ASSET ADMINISTRATION

By the end of 2022, the District has invested \$15.997 million in land, buildings, and equipment (including vehicles).

Table 6 shows capital assets for 2022 compared to 2021:

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

	Governmental Activities	
	2022	2021
Land	\$ 0.110	\$ 0.110
Buildings	14.160	13.932
Equipment	1.727	1.587
Total	<u>\$ 15.997</u>	<u>\$ 15.629</u>

MONTEZUMA COUNTY (DOLORES) SCHOOL DISTRICT RE-4A

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

For the Year Ended June 30, 2022

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, 2022

	Governmental Activities	Total
Assets		
Cash	\$ 847,770	\$ 847,770
Cash with County Treasurer	11,015	11,015
Investments	5,764,978	5,764,978
Grants receivable	88,045	88,045
Taxes receivable	215,198	215,198
Inventory	18,841	18,841
Capital assets	15,996,732	15,996,732
Accumulated depreciation	(6,542,742)	(6,542,742)
Total capital assets, net of depreciation	9,453,990	9,453,990
Total Assets	16,399,837	16,399,837
Deferred Outflows of Resources		
Pension items	1,446,545	1,446,545
OPEB items	35,399	35,399
Total Deferred Outflows of Resources	1,481,944	1,481,944
Liabilities		
Accrued salaries and benefits payable	788,306	788,306
Grants unearned revenue	14,166	14,166
Long-term liabilities		
Due within one year	215,000	215,000
Due in more than one year	2,515,000	2,515,000
Net pension obligation	8,077,775	8,077,775
Net OPEB obligation	390,805	390,805
Total Liabilities	12,001,052	12,001,052
Deferred Inflows of Resources		
Unearned property tax revenues	130,951	130,951
Pension items	3,585,310	3,585,310
OPEB items	153,109	153,109
Total Deferred Inflows of Resources	3,869,370	3,869,370
Net Position		
Net investment in capital assets	6,723,990	6,723,990
Restricted		
TABOR	250,000	250,000
Debt service	498,947	498,947
Student activities	99,582	99,582
Food service	91,073	91,073
Unrestricted	(5,652,233)	(5,652,233)
Total Net Position	\$ 2,011,359	\$ 2,011,359

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, 2022

	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	\$ 2,984,301	\$ 345,520	\$ 753,551		\$ (1,885,230)	\$ (1,885,230)
Support Program Services						
Students	203,686		239,800		36,114	36,114
Instructional staff	174,670		11,396		(163,274)	(163,274)
General administration	239,575				(239,575)	(239,575)
School administration	287,159				(287,159)	(287,159)
Business	84,008				(84,008)	(84,008)
Operation and maintenance of plant	713,687	13,800	118,218		(581,669)	(581,669)
Student transportation	309,291		57,457		(251,834)	(251,834)
Central	195,552		30,765		(164,787)	(164,787)
Other	91,555				(91,555)	(91,555)
Food service	281,300	37,287	336,415		92,402	92,402
Enterprise operations	906				(906)	(906)
Community	2,997				(2,997)	(2,997)
Interest on long-term debt	84,975				(84,975)	(84,975)
Depreciation excluding amounts directly allocated to programs	302,337				(302,337)	(302,337)
Total Governmental Activities	5,955,999	396,607	1,547,602	-	(4,011,790)	(4,011,790)
Total School District	\$ 5,955,999	\$ 396,607	\$ 1,547,602	\$ -	(4,011,790)	(4,011,790)
General Revenues						
Property tax for general purposes				1,748,412	1,748,412	
Specific Ownership tax for general purposes				215,986	215,986	
Property tax for debt repayment				282,307	282,307	
Delinquent taxes and interest				5,719	5,719	
Intergovernmental						
State Equalization				4,888,611	4,888,611	
Mineral Leasing				19,641	19,641	
Forest Service				20,623	20,623	
State Direct Distribution Payment				221,363	221,363	
Earnings on investments				15,250	15,250	
Miscellaneous				167,534	167,534	
Total General Revenues				7,585,446	7,585,446	
Changes in Net Position				3,573,656	3,573,656	
Net Position Beginning of the Year				(1,562,297)	(1,562,297)	
Net Position End of the Year				\$ 2,011,359	\$ 2,011,359	

The accompanying notes are an integral part of this statement.

MONTEZUMA COUNTY (DOLORES) SCHOOL DISTRICT RE-4A

Balance Sheet
Governmental Funds

June 30, 2022

	General Fund	Lunch Fund	Student Activity Fund	Debt Service Fund	Capital Reserve Capital Projects Fund	Total Governmental Funds
Assets						
Cash	\$ 624,913	\$ 111,045	\$ 99,582		\$ 12,230	\$ 847,770
Cash with County Treasurer	9,491			\$ 1,524		11,015
Investments	5,239,054			485,724	40,200	5,764,978
Grants receivable	88,045					88,045
Taxes receivable	185,316			29,882		215,198
Inventory		18,841				18,841
Total Assets	\$ 6,146,819	\$ 129,886	\$ 99,582	\$ 517,130	\$ 52,430	\$ 6,945,847
Liabilities						
Accrued salaries and benefits payable	\$ 768,334	\$ 19,972				\$ 788,306
Grants unearned revenue	14,166					14,166
Total Liabilities	782,500	19,972	-	-	-	802,472
Deferred Inflows of Resources						
Unearned property tax revenue	112,768			\$ 18,183		130,951
Fund Balances						
Nonspendable						
Inventories		18,841				18,841
Restricted						
TABOR	250,000					250,000
Debt service				498,947		498,947
Food service		91,073				91,073
Student activities			\$ 99,582			99,582
Unrestricted						
Assigned for fiscal year 2023 expenditures	5,001,551				\$ 52,430	5,053,981
Total Fund Balances	5,251,551	109,914	99,582	498,947	52,430	6,012,424
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 6,146,819	\$ 129,886	\$ 99,582	\$ 517,130	\$ 52,430	\$ 6,945,847

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, 2022

Total Fund Balance Governmental Funds \$ 6,012,424

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	\$ 15,996,732	
Accumulated depreciation	<u>(6,542,742)</u>	9,453,990

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	(215,000)	
Due in more than one year	<u>(2,515,000)</u>	(2,730,000)

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	(8,077,775)	
Net OPEB obligation	<u>(390,805)</u>	(8,468,580)

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	1,446,545	
Deferred outflows of resources related to OPEB plans	35,399	
Deferred inflows of resources related to pensions	(3,585,310)	
Deferred inflows of resources related to OPEB plans	<u>(153,109)</u>	(2,256,475)

Total Net Position Governmental Activities \$ 2,011,359

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, 2022

	General Fund	Lunch Fund	Student Activity Fund	Debt Service Fund	Capital Reserve Capital Projects Fund	Total Governmental Funds
Revenues						
Taxes	\$ 1,964,398			\$ 283,158		\$ 2,247,556
State sources	5,688,679	\$ 1,970				5,690,649
Federal sources	540,079	334,446				874,525
Other	443,863	38,745	\$ 100,717	771	\$ 162	584,258
Total Revenues	8,637,019	375,161	100,717	283,929	162	9,396,988
Expenditures						
Instructional Program	5,157,611		100,163			5,257,774
Support Programs						
Pupils	353,622					353,622
Instructional staff	255,396					255,396
General administration	335,377					335,377
School administration	539,131					539,131
Business	168,326					168,326
Operation and maintenance of plant	872,128					872,128
Student transportation	336,263				140,480	476,743
Central	219,239				45,868	265,107
Other	91,555					91,555
Food service	37,283	325,279				362,562
Enterprise operations	906					906
Community	2,997					2,997
Facilities					227,460	227,460
Debt Service						
Principal				205,000		205,000
Interest				84,975		84,975
Total Expenditures	8,369,834	325,279	100,163	289,975	413,808	9,499,059
Excess revenues over (under) expenditures	267,185	49,882	554	(6,046)	(413,646)	(102,071)
Other Financing Sources (Uses)						
Transfers in (out)	(350,000)				350,000	-
Total Other Financing Sources (Uses)	(350,000)	-	-	-	350,000	-
Net Change in Fund Balances	(82,815)	49,882	554	(6,046)	(63,646)	(102,071)
Fund Balances beginning of the year	5,334,366	60,032	99,028	504,993	116,076	6,114,495
Fund Balances end of the year	\$ 5,251,551	\$ 109,914	\$ 99,582	\$ 498,947	\$ 52,430	\$ 6,012,424

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, 2022

Net Change in Fund Balances Governmental Funds \$ (102,071)

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	\$	367,940	
Depreciation expense		(399,458)	
			(31,518)

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	205,000
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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		967,630	
District OPEB contributions		49,647	
Cost of benefits earned net of employee contributions		2,258,914	
Cost of OPEB benefits earned net of employee contributions		4,691	
			3,280,882

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		(88,696)	
District proportionate share of State Contribution expenditure		88,696	
District proportionate share of State direct contribution payment revenue		221,363	
			221,363

Change in Net Position of Governmental Activities \$ 3,573,656

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, 2022

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Revenues from local sources				
Current property taxes	\$ 1,305,739	\$ 1,430,946	\$ 1,748,412	\$ 317,466
Specific ownership taxes	112,654	125,361	215,986	90,625
Other	370,096	390,321	443,863	53,542
Total revenues from local sources	1,788,489	1,946,628	2,408,261	461,633
Revenues from state sources				
State equalization	5,051,624	4,833,003	4,888,611	55,608
Grants	562,515	621,035	711,372	90,337
State direct PERA contribution			88,696	88,696
Total revenues from state sources	5,614,139	5,454,038	5,688,679	234,641
Revenues from federal sources				
Forest service	22,000	20,623	20,623	-
Mineral leasing	35,000	19,641	19,641	-
Grants	1,011,079	435,354	499,815	64,461
Total revenues from federal sources	1,068,079	475,618	540,079	64,461
Total revenues	8,470,707	7,876,284	8,637,019	760,735
Expenditures				
Instructional Program	5,687,746	5,183,801	5,157,611	26,190
Support Programs				
Students	356,906	365,872	353,622	12,250
Instructional staff	222,135	258,163	255,396	2,767
General administration	366,037	376,421	335,377	41,044
School administration	538,835	554,945	539,131	15,814
Business	163,935	173,604	168,326	5,278
Plant operation and maintenance	1,057,105	1,041,409	872,128	169,281
Student transportation	331,297	345,113	336,263	8,850
Central support services	194,190	269,027	219,239	49,788
Other support services	109,438	111,134	91,555	19,579
Food Service	33,744	36,681	37,283	(602)
Enterprise	750	900	906	(6)
Community	5,200	6,200	2,997	3,203
Appropriated reserves	4,085,656	4,085,656		4,085,656
Total expenditures	13,152,974	12,808,926	8,369,834	4,439,092
Other financing sources (uses)				
Transfers Out	(250,000)	(401,724)	(350,000)	51,724
Total Other Financing Sources (Uses)	(250,000)	(401,724)	(350,000)	51,724
Excess of revenues over (under) expenditures	(4,932,267)	(5,334,366)	(82,815)	5,251,551
Fund balances, beginning	4,932,267	5,334,366	5,334,366	-
Fund Balances, ending	\$ -	\$ -	\$ 5,251,551	\$ 5,251,551

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, 2022

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
Local sources				
Lunch sales	\$ 26,100	\$ 33,600	\$ 37,287	\$ 3,687
Earnings on investments	20	20	34	14
Other		1,250	1,424	174
Total local sources	26,120	34,870	38,745	3,875
State sources				
State Matching Grant	1,978	1,970	1,970	-
Total state sources	1,978	1,970	1,970	-
Federal sources				
Seamless Summer Lunch	185,000	180,000	219,166	39,166
Seamless Summer Breakfast		38,000	50,383	12,383
Summer Food Program		75,000	29,022	(45,978)
Supply Chain Assistance			14,806	14,806
School Lunch Program		8,222	8,222	-
SNAP Mini Grant		614	614	-
Donated commodities	11,000	22,000	12,233	(9,767)
Total federal sources	196,000	323,836	334,446	10,610
Total revenues	224,098	360,676	375,161	14,485
Expenditures				
Food services				
Salaries	90,000	90,000	97,980	(7,980)
Employee benefits	41,097	41,097	43,216	(2,119)
Purchased services				
Professional and technical	1,000	10,000	7,600	2,400
Food and milk	87,500	134,500	117,142	17,358
Commodities used	10,000	10,000	12,233	(2,233)
Supplies	15,500	18,000	28,557	(10,557)
Property	1,500	15,000	18,351	(3,351)
Other			200	(200)
Appropriated reserves	61,251	102,110		102,110
Total expenditures	307,848	420,707	325,279	95,428
Excess of revenues and other sources over (under) expenditures and other uses	(83,750)	(60,031)	49,882	109,913
Fund balance, beginning	83,750	60,031	60,032	1
Fund balance, ending	\$ -	\$ -	\$ 109,914	\$ 109,914

The accompanying notes are an integral part of this statement.

MONTEZUMA COUNTY (DOLORES) SCHOOL DISTRICT RE-4A

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

- 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.

MONTEZUMA COUNTY (DOLORES) SCHOOL DISTRICT RE-4A

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

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.

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.

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, 2022

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, 2022

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 December 31.

MONTEZUMA COUNTY (DOLORES) SCHOOL DISTRICT RE-4A

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

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 2022.

	<u>Original Budget</u>	<u>Total Revisions</u>	<u>Revised Budget</u>
General Fund	\$ 13,152,974	\$ (344,048)	\$ 12,808,926
Lunch Fund	\$ 307,848	\$ 112,859	\$ 420,707
Capital Projects Fund	\$ 324,124	\$ 193,876	\$ 518,000
Debt Service Fund	\$ 728,385	\$ 72,721	\$ 801,106
Student Activity Fund	\$ 254,100	\$ (2,048)	\$ 252,052

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.

MONTEZUMA COUNTY (DOLORES) SCHOOL DISTRICT RE-4A

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

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

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.

MONTEZUMA COUNTY (DOLORES) SCHOOL DISTRICT RE-4A

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

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 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

MONTEZUMA COUNTY (DOLORES) SCHOOL DISTRICT RE-4A

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

assets. Net position is reported as restricted when there are liabilities imposed on their use 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	\$ 510,652
Certificates of deposit	337,118
Colotrust	5,764,978
Total cash and investments	<u>\$ 6,612,748</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, 2022 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:

General Fund	Receivable	Deferred
Federal Grants		
Title I	\$ 3,995	
ESSER II	70,909	
ARPA Library Grant	4,794	
CDHS Child Care Stabilization		\$ 14,166
State Grants		
Air Quality Grant	7,060	
Library Grant	1,287	
 Total	\$ 88,045	\$ 14,166

4. Capital Assets – Capital asset activity for the fiscal year ended June 30, 2022 follows:

	Capital Assets July 1, 2021	Additions	Deletions Inventory Adjustments/ Transfers	Capital Assets June 30, 2022
Governmental Activities				
Capital assets, not being depreciated:				
Land	\$ 110,000			\$ 110,000
Capital assets, being depreciated:				
Buildings	13,932,025	\$ 227,460		14,159,485
Equipment	1,586,767	140,480		1,727,247
Total capital assets being depreciated	15,518,792	367,940	-	15,886,732
Less accumulated depreciation for:				
Buildings	(4,892,205)	(304,623)		(5,196,828)
Equipment	(1,251,079)	(94,835)		(1,345,914)
Total accumulated depreciation	(6,143,284)	(399,458)	-	(6,542,742)
Total capital assets, being depreciated, net	9,375,508	(31,518)	-	9,343,990
Governmental Activities Capital Assets, net	\$ 9,485,508	\$ (31,518)	\$ -	\$ 9,453,990

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

Instruction	\$ 930
Transportation	90,156
Operations and Maintenance	5,603
Food Service	432
Unallocated	302,337
Total depreciation governmental activities	<u>\$ 399,458</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 comprehensive annual financial report (CAFR) that can be obtained at www.copera.org/investments/pera-financial-reports.

Benefits provided as of December 31, 2021. PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. § 24-51-602, 604, 1713, and 1714.

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

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

In all cases the service retirement benefit is limited to 100 percent 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 percent or 100 percent on

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eligible amounts depending on when contributions were remitted to PERA, the date employment was terminated, whether 5 years of service credit has been obtained and the benefit structure under which contributions were made.

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

Disability benefits are available for eligible employees once they reach five years of earned service credit and are determined to meet the definition of disability. The disability benefit amount is based on the lifetime retirement benefit 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, 2022. 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 10.5 percent of their PERA-includable salary during the period of July 1, 2021 through June 30, 2022. The employer contribution requirements are summarized in the table below:

	July 1, 2020 Through June 30, 2021
Employer Contribution Rate	10.90%
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	9.88%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411 ¹	4.50%
Supplemental Amortization Equalization Disbursement	5.50%

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(SAED) as specified in C.R.S. § 24-51-411 ¹	
Total Employer Contribution Rate to the SCHDTF	19.88%

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 \$967,630 for the year ended June 30, 2022.

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. 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. In addition to the \$225 million (actual dollars) direct distribution due July 1, 2022, House Bill (HB) 22-1029, instructs the State treasurer to issue a warrant to PERA in the amount of \$380 million (actual dollars), upon enactment, with reductions to future direct distributions scheduled to occur July 1, 2023, and July 1, 2024.

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

The net pension liability for the SCHDTF was measured as of December 31, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020. Standard update procedures were used to roll-forward the total pension liability to December 31, 2021. The District's proportion of the net pension liability was based on District contributions to the SCHDTF for the calendar year 2021 relative to the total contributions of the participating employers and the State as a nonemployer contributing entity.

At June 30, 2022, the District reported a liability of \$8,077,775 for its proportionate share of the net pension liability. The amount recognized by the District as its proportionate share of the net pension liability, the related support from the State as a nonemployer contributing entity, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the net pension liability	\$ 8,077,775
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The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the District	926,093
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Total	<u>\$ 9,003,868</u>
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At December 31, 2021, the District's proportion was .06941237 percent, which was a decrease of .00646 percent from its proportion measured as of December 31, 2020.

For the year ended June 30, 2022, the District recognized pension expense of \$(3,226,544) and \$221,363 in revenue for support from the State as a nonemployer contributing entity. At June 30, 2022, 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	\$ 309,249	
Changes in assumptions	616,678	
Net difference between projected and actual earnings on pension plan investments		\$ 3,038,001
Changes in proportion and differences between contributions recognized and proportionate share of contributions		547,309
Contributions subsequent to the measurement date	520,618	
Total	<u>\$ 1,446,545</u>	<u>\$ 3,585,310</u>

\$520,618 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, 2023. 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:

2023	\$ (366,544)
2024	(1,090,099)
2025	(842,126)
2026	(360,614)

Actuarial assumptions. The TPL in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs:

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Actuarial cost method	Entry Age
Price inflation	2.30 percent
Real wage growth	.70 percent
Wage inflation	3.00 percent
Salary increases, including wage inflation	3.40 – 11.00 percent
Long-term investment Rate of Return, net of pension plan investment expenses, including price inflation	7.25 percent
Discount rate	7.25 percent
Post-retirement benefit increases:	
PERA Benefit Structure hired prior to 1/1/07; and DPS Benefit Structure (compounded annually)	1.00 percent
PERA Benefit Structure hired after 12/31/06 ¹	Financed by the AIR

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

The TPL as of December 31, 2021, includes the anticipated adjustments to contribution rates and the AI cap, resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022.

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

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

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

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

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

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

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

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

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

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

Several factors were considered in evaluating the long-term rate of return for the SCHDTF, 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.

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

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
Global Equity	54.00%	5.60%
Fixed Income	23.00%	1.30%
Private Equity	8.50%	7.10%
Real Estate	8.50%	4.40%
Alternatives ¹	6.00%	4.70%
Total	100.00%	

¹ The Opportunity Fund's name changed to Alternatives, effective January 1, 2020.

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

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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, required adjustments resulting from the 2018 AAP assessment, and the additional .50% resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022. 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, required adjustments resulting from the 2018 AAP assessment, and the additional .50% resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022. Employer contributions also include the current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103 percent, 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.

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.

The projected benefit payments reflect the lowered AI cap, from 1.25% to 1.00%, resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022.

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

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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	\$11,889,819	\$8,077,775	\$4,896,760

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

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, 2022, program members contributed \$27,437 to the Voluntary Investment Program.

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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 comprehensive annual financial report that can be obtained at www.copera.org/investments/pera-financial-reports.

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

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

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

PERA Benefit Structure

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

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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 \$49,647 for the year ended June 30, 2022.

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

At June 30, 2022 the District reported a liability of \$390,805 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2020. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2021. The District's proportion of the net OPEB liability was based on the District's contributions to the HCTF for the calendar year 2021 relative to the total contributions of participating employers to the HCTF.

At December 31, 2021, the District proportion was .0453 percent, which was an increase of .0014 percent from its proportion measured as of December 31, 2020.

For the year ended June 30, 2022, the District recognized OPEB expense of \$(54,338). At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

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	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 596	\$ 92,665
Changes in assumptions	8,091	21,199
Net difference between projected and actual earnings on pension plan investments		24,191
Changes in proportion and differences between contributions recognized and proportionate share of contributions		15,054
Contributions subsequent to the measurement date	26,712	
Total	<u>\$ 35,399</u>	<u>\$ 153,109</u>

\$26,712 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, 2023. 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:

2023	\$ (38,992)
2024	(40,531)
2025	(40,874)
2026	(22,196)
2027	(1,138)
2028	(691)

Actuarial assumptions. The TOL in the December 31, 2020 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%

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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	4.50% in 2021 6.00% in 2022, gradually decreasing to 4.50% in 2029
Medicare Part A premiums	3.75% in 2021, gradually increasing to 4.50% in 2029

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

In determining the additional liability for PERACare enrollees who are age 65 or older and who are not eligible for premium-free Medicare Part A in the December 31, 2020 valuation,, the following monthly costs/premiums are assumed for 2021 for the PERA Benefit Structure:

Medicare Plan	Initial Costs for Members without Medicare Part A		
	Monthly Cost	Monthly Premium	Monthly Cost Adjusted
Medicare Advantage/Self-	\$633	\$230	\$591
Kaiser Permanente Medicare Advantage HMO	596	199	562

The 2021 Medicare Part A premium is \$471 (actual dollars) 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.

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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 heuristics developed by health plan actuaries and administrators, and projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services. Effective December 31, 2018, the health care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

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

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

Mortality assumptions used in the December 31, 2020 valuation for the determination of the total pension liability for each of the Division Trust Funds as shown below reflect generational mortality and were applied, as applicable, in the determination of the TOL for the HCTF but developed using a headcount-weighted basis. Affiliated employers of the State, School, Local Government, and Judicial Divisions participate in the HCTF.

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

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

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

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

MONTEZUMA COUNTY (DOLORES) SCHOOL DISTRICT RE-4A

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

- **Females:** 97% of the rates prior to age 80 and 107% of the rates for ages 80 and older, with generational projection using scale MP-2019.

Post-retirement mortality assumptions for the School and Judicial Divisions were based on PubT-2010 Healthy Retiree Table, adjusted as follows:

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

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

- Initial per capita health care costs for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits were updated to reflect the change in costs for the 2021 plan year.
- The health care cost trend rates for Medicare Part A premiums were revised to reflect the then-current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

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

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

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

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

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:

MONTEZUMA COUNTY (DOLORES) SCHOOL DISTRICT RE-4A

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
Global Equity	54.00%	5.60%
Fixed Income	23.00%	1.30%
Private Equity	8.50%	7.10%
Real Estate	8.50%	4.40%
Alternatives ¹	6.00%	4.70%
Total	100.00%	

¹ The Opportunity Fund's name changed to Alternatives, effective January 1, 2020.

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	3.50%	4.50%	5.50%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	2.75%	3.75%	4.75%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability	287,908	296,417	306,278

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

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2021, 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.

MONTEZUMA COUNTY (DOLORES) SCHOOL DISTRICT RE-4A

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Estimated transfers of dollars into the HCTF representing a portion of purchase service agreements intended to cover the costs associated with OPEB benefits.
- Benefit payments and contributions were assumed to be made at the middle of the year.

Based on the above assumptions and methods, the HCTF’s 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	453,879	390,805	336,929

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/investments/pera-financial-reports.

8. Accrued Salaries – 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 \$788,306 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

MONTEZUMA COUNTY (DOLORES) SCHOOL DISTRICT RE-4A

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

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.

The annual requirements to amortize the bonds outstanding at June 30, 2022 are as follows:

<u>Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
December 1, 2022	\$ 215,000	\$ 81,900	\$ 296,900
December 1, 2023	220,000	81,900	301,900
December 1, 2024	225,000	68,850	293,850
December 1, 2025	235,000	62,100	297,100
December 1, 2026	240,000	55,050	295,050
2027-2031	1,310,000	163,200	1,473,200
2032	285,000	8,550	293,550
Total	\$ 2,730,000	\$ 521,550	\$ 3,251,550

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	\$ 2,935,000		\$ (205,000)	\$ 2,730,000
	<u>\$ 2,935,000</u>	<u>\$ -</u>	<u>\$ (205,000)</u>	<u>\$ 2,730,000</u>

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

	<u>Transfer in</u>	<u>Transfer out</u>
General Fund		\$ 350,000
Capital Projects Fund	\$ 350,000	
Total	<u>\$ 350,000</u>	<u>\$ 350,000</u>

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

MONTEZUMA COUNTY (DOLORES) SCHOOL DISTRICT RE-4A

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

- 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 \$18,841 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 \$250,000 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 \$498,947 in the Debt Service Fund.

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 \$91,073 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 \$99,582 in the Student Activity 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 \$5,001,551 in the General Fund and \$52,430 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

MONTEZUMA COUNTY (DOLORES) SCHOOL DISTRICT RE-4A

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

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, 2022

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

Last 10 Years

	2014	2015	2016	2017	2018	2019	2020	2021	2022
Contractually required contribution	\$ 548,751	\$ 621,495	\$ 665,237	\$ 682,068	\$ 743,938	\$ 801,280	\$ 806,899	\$ 805,493	\$ 967,630
Contributions in relation to the contractually required contribution	548,751	621,495	665,237	682,068	743,938	801,280	806,899	805,493	967,630
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 3,432,237	\$ 3,657,057	\$ 3,751,057	\$ 3,751,058	\$ 3,938,181	\$ 4,188,600	\$ 4,163,567	\$ 4,051,142	\$ 4,867,356
Contributions as a percentage of covered payroll	15.99%	16.99%	17.73%	18.18%	18.89%	19.13%	19.38%	19.88%	19.88%

Information is not available for years prior to 2014

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 Pension Liability

Last 10 Years

	2014	2015	2016	2017	2018	2019	2020	2021	2022
District's proportion of the net pension liability (asset)	0.0840%	0.0842%	0.0861%	0.0831%	0.0816%	0.0733%	0.0727%	0.0759%	0.0694%
District's share of the net pension liability (asset)	\$ 10,717,480	\$ 11,409,260	\$ 13,164,504	\$ 24,732,798	\$ 26,374,075	\$ 12,984,144	\$ 10,865,187	\$ 11,470,689	\$ 8,077,775
District's share of State's share of the net pension liability as nonemployer contributing entity						\$ 1,775,401	\$ 1,378,111	\$ -	\$ 926,093
Total						<u>\$ 14,759,545</u>	<u>\$ 12,243,298</u>	<u>\$ 11,470,689</u>	<u>\$ 9,003,868</u>
District's covered payroll	\$ 3,432,237	\$ 3,657,057	\$ 3,751,057	\$ 3,703,786	\$ 3,938,181	\$ 4,188,600	\$ 4,163,567	\$ 4,051,142	\$ 4,867,356
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	312.26%	311.98%	350.95%	667.77%	669.70%	309.99%	260.96%	283.15%	184.98%
Plan fiduciary net position as a percentage of the total pension liability	62.84%	64.07%	59.16%	43.13%	43.96%	57.01%	64.52%	66.99%	74.86%

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 2014

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 District OPEB Contributions

Last 10 Years

	2017	2018	2019	2020	2021	2022
Contractually required contribution	\$ 37,779	\$ 40,169	\$ 42,724	\$ 42,468	\$ 41,322	\$ 49,647
Contributions in relation to the contractually required contribution	37,779	40,169	42,724	42,468	41,322	49,647
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 3,703,786	\$ 3,938,181	\$ 4,188,600	\$ 4,163,567	\$ 4,051,142	\$ 4,867,356
Contributions as a percentage of covered payroll	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

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
 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
District's proportion of the net OPEB liability (asset)	0.047%	0.046%	0.048%	0.048%	0.044%	0.045%
District's share of the net OPEB liability (asset)	\$ 612,188	\$ 602,275	\$ 648,478	\$ 534,378	\$ 417,074	\$ 390,805
District's covered payroll	\$ 3,703,786	\$ 3,938,181	\$ 4,188,600	\$ 4,163,567	\$ 4,051,142	\$ 4,867,356
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%
Plan fiduciary net position as a percentage of the total OPEB liability	20.07%	21.25%	17.03%	24.49%	32.78%	39.40%

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, 2022

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

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, 2022

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
Local sources				
Earnings on investments	\$ 200	\$ 200	\$ 162	\$ (38)
Total revenues	<u>200</u>	<u>200</u>	<u>162</u>	<u>(38)</u>
Expenditures				
Operations and plant maintenance	137,124	291,000		291,000
Student transportation	100,000	140,000	140,480	(480)
Central support	45,000	45,000	45,868	(868)
Facilities			227,460	(227,460)
Appropriated reserves	42,000	42,000		42,000
Total expenditures	<u>324,124</u>	<u>518,000</u>	<u>413,808</u>	<u>104,192</u>
Other financing sources (uses)				
Transfer in (out)	250,000	401,724	350,000	(51,724)
Total other financing sources (uses)	<u>250,000</u>	<u>401,724</u>	<u>350,000</u>	<u>(51,724)</u>
Excess of revenues and other sources over (under) expenditures and other uses	(73,924)	(116,076)	(63,646)	52,430
Fund balance, beginning	73,924	116,076	116,076	-
Fund balance, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 52,430</u>	<u>\$ 52,430</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, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Local sources				
Current property tax	\$ 260,000	\$ 294,913	\$ 282,307	\$ (12,606)
Earnings on investments	1,200	1,200	612	(588)
Delinquent tax and interest	50		851	851
Other			159	159
Total local sources	<u>261,250</u>	<u>296,113</u>	<u>283,929</u>	<u>(12,184)</u>
Total revenues	<u>261,250</u>	<u>296,113</u>	<u>283,929</u>	<u>(12,184)</u>
Expenditures				
Supporting services				
Other uses	500	750		750
Debt Service				
Principal	200,000	430,000	205,000	225,000
Interest	91,050	91,050	84,975	6,075
Appropriated reserves	436,835	279,306		279,306
Total expenditures	<u>728,385</u>	<u>801,106</u>	<u>289,975</u>	<u>511,131</u>
Excess revenue over (under) expenditures	(467,135)	(504,993)	(6,046)	498,947
Fund balance, beginning	467,135	504,993	504,993	-
Fund balance, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 498,947</u>	<u>\$ 498,947</u>

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, 2022

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
Local sources				
Earnings on investments			\$ 95	\$ 95
Miscellaneous	\$ 155,850	\$ 153,025	100,622	(52,403)
Total local sources	155,850	153,025	100,717	(52,308)
Total revenues	155,850	153,025	100,717	(52,308)
Expenditures				
Instruction	178,600	178,600	100,163	78,437
Appropriated reserves	75,500	73,452		73,452
Total expenditures	254,100	252,052	100,163	151,889
Excess of revenues over (under) expenditures	(98,250)	(99,027)	554	99,581
Fund balance, beginning	98,250	99,027	99,028	1
Fund balance, ending	\$ -	\$ -	\$ 99,582	\$ 99,582

INFORMATION REQUIRED BY OVERSIGHT AUTHORITIES

Majors and Haley, P.C.
Certified Public Accountants

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Chris L. Majors, CPA, MT

Lori Hasty Haley, CPA

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT
AUDITING STANDARDS*

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, 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, 2022, and the related notes to the financial statements, which collectively comprise Montezuma County (Dolores) School District RE-4A's basic financial statements, and have issued our report thereon dated October 25, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Montezuma County (Dolores) School District RE-4A's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Montezuma County (Dolores) School District RE-4A's internal control. Accordingly, we do not express an opinion on the effectiveness of Montezuma County (Dolores) School District RE-4A's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

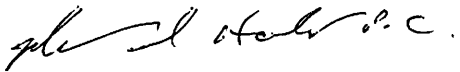
weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Montezuma County (Dolores) School District RE-4A's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

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



Majors and Haley, P.C.
October 25, 2022

Majors and Haley, P.C. Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Montezuma County (Dolores) School District RE-4A's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Montezuma County Colorado's major federal programs for the year ended June 30, 2022. Montezuma County (Dolores) School District RE-4A's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Montezuma County (Dolores) School District RE-4A complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Montezuma County (Dolores) School District RE-4A and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Montezuma County (Dolores) School District RE-4A's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Montezuma County (Dolores) School District RE-4A's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Montezuma County (Dolores) School District RE-4A's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit

conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Montezuma County (Dolores) School District RE-4A's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Montezuma County (Dolores) School District RE-4A's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Montezuma County (Dolores) School District RE-4A's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Montezuma County (Dolores) School District RE-4A's internal control over compliance. Accordingly, no such opinion is expressed.

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

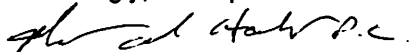
Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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



Majors and Haley, P.C.
October 25, 2022

MONTEZUMA COUNTY (DOLORES) SCHOOL DISTRICT RE-4A
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2022

<i>Federal Grantor/Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Pass-through Grantor and Number</i>	<i>Federal Expenditures(\$)</i>
CCDF Cluster-Cluster			
Department of Health and Human Services			
Child Care and Development Block Grant	93.575	Colorado Department of Human Services	\$ 29,334
<i>Total Department of Health and Human Services</i>			<u>29,334</u>
Total CCDF Cluster-Cluster			<u>29,334</u>
Child Nutrition Cluster-Cluster			
United States Department of Agriculture			
School Breakfast Program	10.553	Colorado Department of Education,5553	50,383
National School Lunch Program	10.555	Colorado Department of Education,6555	14,806
National School Lunch Program	10.555	Colorado Department of Human Services	12,232
National School Lunch Program	10.555	Colorado Department of Education,4555	8,222
National School Lunch Program	10.555	Colorado Department of Education,5555	219,166
Summer Food Service Program for Children	10.559	Colorado Department of Education,4559	29,022
<i>Total United States Department of Agriculture</i>			<u>333,831</u>
Total Child Nutrition Cluster-Cluster			<u>333,831</u>
Other Programs			
Department of Education			
Title I Grants to Local Educational Agencies Career and Technical Education -- Basic Grants to States	84.010	Colorado Department of Education,4010	90,568
Career and Technical Education -- Basic Grants to States	84.048	Colorado Community College System	40,885
Special Education - State Personnel Development	84.323	Colorado Department of Education,5323	2,102
English Language Acquisition State Grants	84.365	Colorado Department of Education,7365	404
Student Support and Academic Enrichment Program	84.424	Colorado Department of Education,4424	29,006
Education Stabilization Fund	84.425	Colorado Department of Education,4420	262,101
<i>Total Department of Education</i>			<u>425,066</u>
National Endowment for the Humanities			
Grants to States	45.310	Colorado Department of Education,7310	4,794
<i>Total National Endowment for the Humanities</i>			<u>4,794</u>
United States Department of Agriculture			
Pandemic EBT Administrative Costs	10.649	Colorado Department of Education,4649	614
<i>Total United States Department of Agriculture</i>			<u>614</u>
Total Other Programs			<u>430,474</u>
Total Expenditures of Federal Awards			<u><u>\$ 793,639</u></u>

The accompanying notes are an integral part of this schedule

MONTEZUMA COUNTY (DOLORES) SCHOOL DISTRICT RE-4A

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS For the Year Ended June 30, 2022

Organization

The accompanying schedule of expenditures of federal awards presents the activity of all federal award programs of Montezuma County (Dolores) School District RE-4A for the year ended June 30, 2022. All federal awards received directly from federal agencies as well as federal awards passed through other governmental agencies, are included on the schedule.

Basis Of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in the schedule may differ from amounts presented in, or used in, the preparation of the basic financial statements.

Indirect Costs

The District has not elected to use the 10% *de minimis* indirect cost rate as allowed in the Uniform Guidance, Section 414.

Food Distribution

Non-monetary assistance is reported in the Schedule at the fair market value of the commodities received and disbursed.

Sub-recipients

Montezuma County (Dolores) School District RE-4A had no sub-recipients of federal funds for the year ended June 30, 2022.

MONTEZUMA COUNTY (DOLORES) SCHOOL DISTRICT RE-4A
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2022

Section 1- Summary of Auditors' Results

Financial Statements

Type of auditors' report issued		Unmodified Opinion
Internal control over financial reporting:		
Material weakness(es) identified?	_____ yes	_____ X _____ no
Significant deficiency(ies) identified not considered to be material weaknesses?	_____ yes	_____ X _____ no

Federal Awards

Internal control over major programs:		
Material weakness(es) identified?	_____ yes	_____ X _____ no
Significant deficiency(ies) identified not considered to be material weaknesses?	_____ yes	_____ X _____ no

Type of auditors' report issued on compliance for major programs:		Unmodified Opinion
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Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance	_____ yes	_____ X _____ no
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Identification of major programs:

CFDA Number	Name of Federal Program or Cluster
10.553, 10.555 and 10.559	Child Nutrition Cluster

Dollar threshold to distinguish between Type A and Type B programs:	\$750,000
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Auditee qualified as low-risk auditee (single audit not required in prior years)	_____ yes	_____ X _____ no
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Section 2- Findings under Generally Accepted Government Auditing Standards

There were no findings required to be reported under Generally Accepted Government Auditing Standards

Section 3- Findings and Questioned Costs Under Uniform Guidance

There were no findings or questioned cost for federal awards as defined in the Uniform Guidance.

MONTEZUMA COUNTY (DOLORES) SCHOOL DISTRICT RE-4A

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended June 30, 2022

There were no prior year findings or questioned costs noted that were reportable under the Uniform Guidance criteria.

MONTEZUMA COUNTY (DOLORES) SCHOOL DISTRICT RE-4A

SCHEDULE OF CORRECTIVE ACTION PLAN
For the Year Ended June 30, 2022

There were no audit findings to be included in the current audit report; therefore, a corrective action plan is not necessary.



Colorado Department of Education

Auditors Integrity Report
 District: 2055 - Dolores RE-4A
 Fiscal Year 2021-22
 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 Uses	-	1000 - 0999 Total Expenditures & Other	=	6700-6799 & Prior Per Adj Ending Fund Balance
10	General Fund		5,334,366	8,287,019		8,369,834		5,251,551
18	Risk Mgmt Sub-Fund of General Fund		0	0		0		0
19	Colorado Preschool Program Fund		0	0		0		0
	Sub- Total		5,334,366	8,287,019		8,369,834		5,251,551
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		60,031	375,161		325,279		109,914
22	Govt Designated-Purpose Grants Fund		0	0		0		0
23	Pupil Activity Special Revenue Fund		99,027	100,718		100,163		99,582
25	Transportation Fund		0	0		0		0
31	Bond Redemption Fund		504,993	283,929		289,975		498,947
39	Certificate of Participation (COP) Debt Service Fund		0	0		0		0
41	Building Fund		0	0		0		0
42	Special Building Fund		0	0		0		0
43	Capital Reserve Capital Projects Fund		116,076	350,162		413,808		52,430
46	Supplemental Cap Const, Tech, Main Fund		0	0		0		0
	Totals		6,114,494	9,396,989		9,499,059		6,012,423
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.
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