

***Brush School District No. RE-2(J)***  
**Brush, Colorado**

**Financial Statements**

**For the Year ended June 30, 2023**

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## **Independent Auditors' Report**

Board of Education  
Brush School District No. RE-2(J)  
Brush, Colorado

### **Opinions**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Brush School District No. RE-2(J) (the District) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinions**

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

### **Responsibilities of Management for the Financial Statements**

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

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

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

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

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and historical pension and other post-employment benefit information listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management, 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 District's basic financial statements. The other supplementary information, auditors' integrity report and 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 other supplementary information, 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 taken as a whole.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated February 12, 2024, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District'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 the District's internal control over financial reporting and compliance.

*Lauer, Szabo & Associates, P.C.*

Sterling, Colorado  
February 12, 2024

## BRUSH SCHOOL DISTRICT NO. RE-2(J)

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### Management's Discussion and Analysis

As of and for the fiscal year ended June 30, 2023

As management of the Brush School District No. RE-2(J), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2023. The following should be read in conjunction with the District's basic financial statements, the notes to the financial statements, and the required supplementary information. All information presented is based on the District's fiscal calendar (July to June). Unless otherwise stated, references in this report to particular years refer to the District's fiscal years ended in June.

#### **Financial Highlights**

- The assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$37,207,856 (*net position*).
- The District's total net position decreased by \$804,374 and unrestricted net position decreased by \$984,770.
- At the end of the current fiscal year, the District's governmental funds reported combined fund balance of \$16,534,175, an increase of \$722,395 from the prior year.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$9,687,895 or approximately 51% of total General Fund expenditures.
- The District's total outstanding long-term debt decreased during the current fiscal year. The decrease is attributed to reductions in Compensated Absences \$8,166, Bonds Payable \$260,000, Bond Premium \$44,993 and Certificates of Participation \$1,325,084, with a corresponding increase in Leases Payable of \$238,885, results in an overall decrease in long-term debt of \$1,399,358.

#### **Overview of the Financial Statements**

This discussion and analysis serves as an introduction to the District's basic financial statements. The basic financial statements consist of three types of statements: 1) government-wide financial statements, 2) fund financial statements and 3) the notes to financial statements. This report also includes supplementary information intended to provide additional detail to support the basic financial statements.

#### **Government-wide Financial Statements**

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

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

The *statement of activities* presents information showing how the District's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues

## **BRUSH SCHOOL DISTRICT NO. RE-2(J)**

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### *Management's Discussion and Analysis (Continued)*

and expenses are reported in this statement for some items that will only result in cash flows in future fiscal years (e.g., uncollected taxes and earned but unused vacation leave).

The two government-wide financial statements distinguish functions of the District that are principally supported by taxes and state equalization funding (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges. The governmental activities of the District include instruction, co-curricular pupil activities, instructional support, general and school administration, business and central services, technology, maintenance, transportation and food service.

The government-wide financial statements appear on pages 12-15 of this report.

### **Fund Financial Statements**

A *fund* is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the District's funds can be divided into two categories: governmental funds and fiduciary funds.

#### ***Governmental Funds***

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

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

The District maintains eight individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Designated Purpose Grants Fund and the Bond Redemption Fund, which are considered major funds. Data from the other five governmental funds are combined into a single aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements in the combining and individual fund statements and schedules section of this report.

The basic governmental fund financial statements can be found on pages 16-19 of this report.

## **BRUSH SCHOOL DISTRICT NO. RE-2(J)**

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### *Management's Discussion and Analysis (Continued)*

#### ***Fiduciary Funds***

Fiduciary funds are used to account for resources held for the benefit of parties outside of the District. Fiduciary funds *are not* reported in the government-wide financial statements because the resources of those funds *are not* available to support the District's own programs. Beginning in fiscal year 2020 only The Scholarship Private-Purpose Trust Fund is reported as a Fiduciary Fund. The fiduciary fund financial statements can be found on pages 20-21 of this report.

#### **Notes to the Basic Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 22-59 of this report.

#### **Required Supplementary Information and Other Supplementary Information**

In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning the District. The District adopts an annual appropriated budget for all funds. A budgetary comparison schedule is provided for the General Fund as required supplementary information and for all other funds as other supplementary information to demonstrate compliance with this budget. Required supplementary information can be found on page 62-72 of this report. Other supplementary information, including the combining statements referred to earlier can be found on pages 76-94.

#### **Government-wide Overall Financial Analysis**

As noted earlier, net position may serve as a useful indicator of the District's financial position. The District's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$37,207,856 at June 30, 2023.

The largest portion of the District's net position reflects its \$43,093,662 investment in capital assets (e.g., land, buildings and improvements, vehicles, and equipment) net of accumulated depreciation and related outstanding debt. The District uses these capital assets to provide instructional and supporting services to its students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Another portion of the District's net position represents resources that are subject to external restrictions on how they may be used. These resources are related to debt service - \$4,389,921, Food service operations - \$1,005,595, scholarships - \$241,640, preschool program - \$97,863 and for the TABOR emergency - \$515,000. The second largest component of net position represents the unrestricted balance of (\$12,135,825). This amount is unrestricted and may be used to meet the District's ongoing obligations to its students and creditors.

## BRUSH SCHOOL DISTRICT NO. RE-2(J)

### *Management's Discussion and Analysis (Continued)*

For the fiscal year 2023, the District's net position decreased by \$804,374. The reasons for this overall change are discussed in the following sections.

#### **Brush School District No. RE-2(J) Net Position**

	Total	
	2023	2022
	\$	\$
Current and other assets	19,355,624	18,278,301
Capital assets	75,740,264	77,743,271
Total assets	95,095,888	96,021,572
Deferred outflows of resources	5,490,893	5,803,676
Total assets deferred outflows	\$100,586,781	\$101,825,248
	\$	\$
Long-term liabilities outstanding	32,681,717	34,081,075
Other liabilities	2,571,384	2,484,272
Net Pension Liability (page 40 Notes)	24,050,407	17,637,096
Net OPEB Liability	819,566	853,288
Total liabilities	60,123,074	55,055,731
Deferred inflows of resources	3,255,851	8,757,287
Net investment in capital assets	43,093,662	43,705,477
Restricted	6,250,019	5,457,808
Unrestricted	(12,135,825)	(11,151,055)
Total net position	37,207,856	38,012,230
Total liabilities, deferred inflows and net position	\$100,586,781	\$101,825,248

#### ***Governmental Activities***

During the current fiscal year, net position for governmental activities decreased by \$804,374 from the prior fiscal year for an ending balance of \$37,207,856. Overall revenues increased \$551,417 largely due to on-behalf payments made by the state. Expenses increased by \$497,996 due to increase in benefits cost and higher cost for supplies.

## BRUSH SCHOOL DISTRICT NO. RE-2(J)

### Management's Discussion and Analysis (Continued)

#### Brush School District No. RE-2(J) Changes in Net Position

	Total	
	2023	2022
<b>Revenues:</b>		
<b>Program revenues:</b>		
Charges for services	\$ 694,632	\$ 213,798
Operating grants & contributions	5,051,900	5,011,322
Capital Grants and Contributions	-	272,246
<b>General revenues:</b>		
Property taxes	12,644,507	12,793,690
Specific ownership taxes	1,087,713	1,051,755
State share	6,229,794	5,196,627
Investment earnings	423,808	29,237
Other	686,561	933,402
Total revenues	26,818,915	25,502,077
<b>Expenses:</b>		
Instruction	12,644,584	7,424,373
Supporting services	13,864,815	11,897,666
Interest	1,113,890	1,165,872
Total expenses	27,623,289	20,487,911
Change in net position	(804,374)	5,014,166
Net position – beginning (July 1)	38,012,230	32,998,064
Net position – ending (June 30)	\$37,207,856	\$38,012,230

#### **Financial Analysis of Governmental Funds**

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

#### **Governmental Funds**

The focus of the District's *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. The unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use. This balance represents the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the District itself, or a group or individual that has been delegated the authority to assign resources for use by the District's Board of Education.

At June 30, 2023, the District's governmental funds reported combined fund balances of \$16,534,175, an increase of \$722,395 over the prior year. Approximately 59% of this amount (\$9,687,895) constitutes *unassigned fund balance*, which is available for spending at the District's discretion. The District also designates certain balances as assigned fund balance indicating the

## **BRUSH SCHOOL DISTRICT NO. RE-2(J)**

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### *Management's Discussion and Analysis (Continued)*

District's intended use of these resources. The District assigned fund balance to excess special education costs totaling \$100,000. The remainder of the fund balance is either *non-spendable or restricted* to indicate that it is 1) not in spendable form-prepaid and inventory items - \$82,297, 2) legally required to be maintained intact - \$515,000, 3) restricted for preschool program - \$97,863, 4) restricted for debt service purposes - \$4,389,921, 5) restricted for the food service operations - \$981,573, and 6) restricted for scholarships - \$241,640.

The General Fund is the chief operating fund of the district, providing the majority of the resources for the educational and support programs. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$9,687,895, a decrease of \$97,892. As a measure of the General Fund's liquidity, it may be useful to compare total fund balance to total General Fund expenditures net of transfers. Total fund balance represents approximately 55% of total General Fund expenditures net of transfers.

**Revenue:** Total Program revenue is a statutory concept that includes property taxes, specific ownership taxes, and state share. General Fund property tax revenues were based upon a levy of 36,312 mills applied against an assessed valuation of \$257,721,593. Specific ownership tax is applied to the fair value of vehicles registered in Colorado. State share backfills the required statutory total program. Overall, General Fund revenue increased \$96,713 over prior year.

**Expenditures:** General Fund expenditures increased from prior year with increased spending in salaries and supplies. Additionally, the District targeted increased spending for professional development, intervention, and advanced academic opportunities as outlined with the Mill Levy Override.

The Bond Redemption Fund is used to account for the requirements of the Series 2012, 2015 and 2017 general obligation bonds as well as the matching portion of the Series 2017J Building Excellent Schools Today Bond. The revenue source for the Bond Redemption Fund is a voter approved mill levy. For fiscal 2023, the mill levy was 12.747 mills which was expected to generate approximately \$3.3 million. The Bond Redemption Fund expenditures reflect principal and interest costs on the District's debt.

### **General Fund Budgetary Highlights**

Final budgeted appropriations adopted by the Board of Education for fiscal year 2023 were \$24,172,627 including General Fund appropriations of \$18,384,853. Total revenues were lower than anticipated due to lower tax collections. Expenditures were higher due to increased costs for supplies and maintenance.

### **Capital Assets and Debt Administration**

#### **Capital Assets**

The District's capital assets (net of accumulated depreciation) for its governmental activities as of June 30, 2023, amount to \$75,740,264. This includes land, buildings and improvements, vehicles, and equipment. Additional information on the District's capital assets can be found in Note E on pages 34 and 35 of this report.

## **BRUSH SCHOOL DISTRICT NO. RE-2(J)**

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### *Management's Discussion and Analysis (Continued)*

District voters approved a general obligation bond of \$6,055,000 and a matching certificate of participation bond of \$32,444,245 November 2017. The net proceeds of the Bonds were used for the financing of the costs to construct weather shelter additions at Thomson Primary and Beaver Valley Elementary and to enlarge Brush High School, creating a Middle School/High School Secondary campus as well as paying the costs associated with the issuance of the Bonds. In 2003, voters also approved a Mill Levy tax increase of \$400,000 annually to provide additional funds for operating expenses, for new, improved, and enlarged school facilities in the middle and high schools.

#### **Long-term Debt**

At the end of the fiscal year, the District had total long-term debt outstanding of \$32,681,717. Accrued interest payable at June 30, 2023, totaled \$94,743.

The District's total debt decreased by \$1,399,358 during the fiscal year primarily as a result of bond and certificates of participation payments.

#### **Requests for Information**

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the School Business Officer, Brush School District No. RE-2(J), 527 Industrial Park Road, Brush, CO 80723. Information is also available via the District's website: Brush School District No. RE-2(J), Financial Transparency, <http://www.brushschools.org/financial-transparency>.

## **Basic Financial Statements**

The basic financial statements of the District include the following:

*Government-wide financial statements.* The government-wide statements display information about the reporting government as a whole, except for its fiduciary activities.

*Fund financial statements.* The fund financial statements display information about major funds individually and nonmajor funds in the aggregate for governmental funds.

*Notes to the financial statements.* The notes communicate information essential for fair presentation of the financial statements that is not displayed on the face of the financial statements. As such, the notes are an integral part of the basic financial statements.

**BRUSH SCHOOL DISTRICT NO. RE-2(J)**  
**Statement of Net Position**  
**June 30, 2023**

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	Governmental Activities
Assets	
Cash	\$ 1,827,371
Cash with fiscal agent	158,907
Certificates of deposit	67,914
Investments	16,298,165
Due from fiduciary fund	5,750
Receivables	915,220
Prepaid expenses	58,275
Inventory	24,022
Capital assets, net of depreciation	<u>75,740,264</u>
Total assets	95,095,888
Deferred outflows of resources	
Pension deferrals	5,285,601
Other post-employment benefit deferrals	<u>205,292</u>
Total deferred outflows of resources	<u>5,490,893</u>
Total assets and deferred outflows of resources	<u><u>\$ 100,586,781</u></u>

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

	Governmental Activities
Liabilities	
Intergovernmental payable	\$ 17,046
Accounts payable	209,196
Accrued salaries and benefits	2,014,276
Payroll deductions and withholdings	54,573
Unearned revenue	26,711
Unearned grant revenue	154,839
Accrued interest payable	94,743
Noncurrent liabilities	
Due within one year	1,682,343
Due in more than one year	30,999,374
Net pension liability	24,050,407
Net other post-employment benefit liability	819,566
Total liabilities	<u>60,123,074</u>
Deferred inflows of resources	
Pension deferrals	2,978,387
Other post-employment benefit deferrals	277,464
Total deferred inflows of resources	<u>3,255,851</u>
Net position	
Net investment in capital assets	43,093,662
Restricted for:	
Emergencies	515,000
Preschool program	97,863
Debt service	4,389,921
Food service	1,005,595
Scholarships	241,640
Unrestricted (deficit)	<u>(12,135,825)</u>
Total net position	<u>37,207,856</u>
Total liabilities, deferred inflows of resources and net position	<u><u>\$ 100,586,781</u></u>

**BRUSH SCHOOL DISTRICT NO. RE-2(J)**  
**Statement of Activities**  
**For the Year Ended June 30, 2023**

	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities				
Instruction	\$ 12,644,584	\$ 2,980	\$ 2,440,880	
Supporting services				
Students	751,953		92,794	
Instructional staff	358,885		63,901	
General administration	1,384,765		67,834	
School administration	1,540,118		135,979	
Business services	175,948		14,085	
Operations and maintenance	3,017,811		106,418	
Student transportation	1,558,428		1,033,459	
Central support	1,172,772		142,909	
Food services	1,013,730	246,635	812,694	
Enterprise operations	66,701		66,701	
Community services	448,037	445,017	74,246	
Unallocated depreciation*	2,375,667			
Interest and fiscal charges	1,113,890			
Total governmental activities	<u>\$ 27,623,289</u>	<u>\$ 694,632</u>	<u>\$ 5,051,900</u>	<u>\$ -</u>

General revenues

Taxes

Property taxes, levied for general purposes

Property taxes, levied for debt services

Specific ownership taxes

Delinquent taxes and interest

State equalization

Earnings on investments

Other

Total general revenues

Change in net position

Net position at beginning of year

Net position at end of year

\* This amount excludes depreciation that is included in the direct expenses of the various programs.

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

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Net  
Governmental  
Activities

\$ (10,200,724)

(659,159)  
(294,984)  
(1,316,931)  
(1,404,139)  
(161,863)  
(2,911,393)  
(524,969)  
(1,029,863)  
45,599

-  
71,226  
(2,375,667)  
(1,113,890)

(21,876,757)

9,359,038  
3,285,469  
1,087,713  
11,772  
6,229,794  
423,808  
674,789

21,072,383

(804,374)

38,012,230

\$ 37,207,856

**BRUSH SCHOOL DISTRICT NO. RE-2(J)**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2023**

	General Fund	Designated Purpose Grants Fund	Bond Redemption Fund	Other Governmental Funds
<b>Assets</b>				
Cash	\$ 294,793			\$ 1,532,578
Cash with fiscal agent	147,843		\$ 11,064	
Certificates of deposit				67,914
Investments	11,952,572		4,345,593	
Due from other funds				79,411
Property taxes receivable	347,558		125,482	
Grants receivable	5,213	\$ 84,911		245,097
Other receivables	86,166			20,793
Prepaid items	58,275			
Inventory				24,022
<b>Total assets</b>	<b>\$ 12,892,420</b>	<b>\$ 84,911</b>	<b>\$ 4,482,139</b>	<b>\$ 1,969,815</b>
<b>Liabilities</b>				
Due to other funds	\$ 27,472	\$ 31,324		\$ 14,865
Intergovernmental payable	17,046			
Accounts payable	177,999			31,197
Accrued salaries and benefits	1,764,967	50,396		198,913
Payroll withholdings	52,690			1,883
Unearned revenues				26,711
Unearned grant revenues	140,623	3,191		11,025
<b>Total liabilities</b>	<b>2,180,797</b>	<b>84,911</b>	<b>\$ -</b>	<b>284,594</b>
<b>Deferred inflows of resources</b>				
Deferred property tax revenues	252,590		92,218	
<b>Fund balance</b>				
Nonspendable prepaid items	58,275			
Nonspendable inventories				24,022
Restricted for emergencies	515,000			
Restricted for preschool program	97,863			
Restricted for debt service			4,389,921	
Restricted for food service operations				981,573
Restricted for scholarships				241,640
Committed to pupil activities				407,333
Committed to child care activities				30,653
Assigned to special education	100,000			
Unassigned	9,687,895			
<b>Total fund balance</b>	<b>10,459,033</b>	<b>-</b>	<b>4,389,921</b>	<b>1,685,221</b>
<b>Total liabilities, deferred inflows of resources and fund balance</b>	<b>\$ 12,892,420</b>	<b>\$ 84,911</b>	<b>\$ 4,482,139</b>	<b>\$ 1,969,815</b>

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

<u>Total</u>		
\$ 1,827,371	Amounts reported for governmental activities in the statement of net position are different because:	
158,907		
67,914	Total fund balance - governmental funds	\$ 16,534,175
16,298,165		
79,411	Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the governmental funds.	75,740,264
473,040		
335,221	Certain receivables will be collected in the next fiscal year, but are not available soon enough to pay for the current period's expenditures, and therefore are reported as unearned revenues in the funds.	344,808
106,959		
58,275		
24,022		
<u>\$ 19,429,285</u>		
	Accrued interest on long-term debt is not due and payable in the current period and therefore is not reported as a liability in the funds.	(94,743)
\$ 73,661		
17,046		
209,196		
2,014,276	Long-term liabilities and related deferred outflows and inflows of resources are not due and payable in the current period and therefore are not reported as liabilities in the funds.	<u>(55,316,648)</u>
54,573		
26,711		
154,839		
<u>2,550,302</u>	Net position of the governmental activities	<u>\$ 37,207,856</u>
344,808		
58,275		
24,022		
515,000		
97,863		
4,389,921		
981,573		
241,640		
407,333		
30,653		
100,000		
9,687,895		
<u>16,534,175</u>		
<u>\$ 19,429,285</u>		

**BRUSH SCHOOL DISTRICT NO. RE-2(J)**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2023**

	General Fund	Designated Purpose Grants Fund	Bond Redemption Fund	Other Governmental Funds
<b>Revenues</b>				
Local sources	\$ 10,703,164		\$ 3,327,798	\$ 1,404,473
Intermediate sources	25,237		798	
State sources	7,449,942			17,521
Federal sources	757,927	\$ 339,905		1,704,567
<b>Total revenues</b>	<b>18,936,270</b>	<b>339,905</b>	<b>3,328,596</b>	<b>3,126,561</b>
<b>Expenditures</b>				
Instruction	10,558,683	339,145		666,894
Supporting services	8,510,056	760		2,324,719
Capital outlay	99,205			
Debt service				
Principal retirement	9,645		1,585,084	
Interest and fiscal charges			1,163,277	
<b>Total expenditures</b>	<b>19,177,589</b>	<b>339,905</b>	<b>2,748,361</b>	<b>2,991,613</b>
Excess of revenues over (under) expenditures	(241,319)	-	580,235	134,948
<b>Other financing sources</b>				
Proceeds from lease	248,531			
<b>Net change in fund balance</b>	<b>7,212</b>	<b>-</b>	<b>580,235</b>	<b>134,948</b>
Fund balance at beginning of year	10,451,821		3,809,686	1,550,273
Fund balance at end of year	<u>\$ 10,459,033</u>	<u>\$ -</u>	<u>\$ 4,389,921</u>	<u>\$ 1,685,221</u>

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

Total		
	Amounts reported for governmental activities in the statement of activities are different because:	
	Net change in fund balances - governmental funds	\$ 722,395
\$ 15,435,435	Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities, those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expense in the statement of activities. This is the amount by which depreciation exceeded capital outlays in the current period.	(2,003,007)
26,035		
7,467,463	Because some property taxes will not be collected for several months after the fiscal year ends, they are not considered as "available" revenues in the governmental funds and are, instead, counted as deferred tax revenues. They are, however, recorded as revenues in the statement of activities.	263,423
2,802,399		
25,731,332	In the statement of activities, certain operating expenses - compensated absences, accrued interest payable, and bond premium amortization - are measured by the amounts incurred or earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid).	57,553
11,564,722		
10,835,535	Governmental funds report pension and OPEB contributions as expenditures. However, in the statement of activities, service costs, current year benefit changes, member contributions, expected earnings on plan investments, administrative expenses and recognition of deferred outflows and inflows from the pensions and OPEB are reported as expense.	(1,190,936)
99,205		
1,594,729	The issuance of long-term debt provides current financial resources in the governmental funds, however, issuing debt increases long-term liabilities in the statement of net position.	(248,531)
1,163,277		
25,257,468	Repayment of principal on general obligation bonds, certificates of participation and leases are expenditures in the governmental funds but the repayment reduces long-term liability in the statement of net position.	1,594,729
473,864		
248,531		
722,395		
15,811,780		
\$ 16,534,175	Change in net position of governmental activities	\$ (804,374)

**BRUSH SCHOOL DISTRICT NO. RE-2(J)**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**June 30, 2023**

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	Private Purpose Trust Fund
Assets	
Certificates of deposit	\$ 237,323
Total assets	<u>\$ 237,323</u>
Liabilities	
Due to other funds	<u>\$ 5,750</u>
Total liabilities	5,750
Net position	
Restricted for scholarship recipients	<u>231,573</u>
Total liabilities and net position	<u>\$ 237,323</u>

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

**BRUSH SCHOOL DISTRICT NO. RE-2(J)**  
**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**  
**For the Year Ended June 30, 2023**

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	Private Purpose Trust Fund
Additions	
Contributions	\$ 850
Total additions	850
Deductions	
Scholarship awards	2,000
Total deductions	2,000
Change in net position	(1,150)
Net position at beginning of year	232,723
Net position at end of year	\$ 231,573

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

**BRUSH SCHOOL DISTRICT NO. RE-2(J)**  
**Notes to Financial Statements**

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**Note A – Summary of significant accounting policies**

This summary of the Brush School District No. RE-2(J)'s significant accounting policies is presented to assist the reader in interpreting the financial statements and other data in this report. The policies are considered essential and should be read in conjunction with the accompanying financial statements.

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to local government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial principles. The more significant of the District's accounting policies are described below.

**A.1 – Reporting entity**

The Brush School District No. RE-2(J) is a school district governed by an elected seven-member board of education. The financial reporting entity consists of (1) the primary government, (2) organizations for which the primary government is financially accountable, and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The reporting entity's financial statements should present the funds of the primary government (including its blended component units, which are, in substance, part of the primary government) and provide an overview of the discretely presented component units.

The District has examined other entities that could be included as defined in number 2 and 3 above. Based on these criteria, the District has no component units.

**A.2 – Fund accounting**

The District uses funds to report its financial position and results of operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate "fund types." The district does not have any proprietary funds.

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), and the servicing of general long-term debt (debt service fund). The following are the District's major governmental funds:

**BRUSH SCHOOL DISTRICT NO. RE-2(J)**  
**Notes to Financial Statements**

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**Note A – Summary of significant accounting policies (Continued)**

General Fund – The General Fund is the 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 certain capital outlay expenditures, debt service, food service operations and pupil activities.

Designated Purpose Grants Fund – This fund is a special revenue fund used to record financial transactions for grants received for designated programs funded by federal, state or local sources.

Bond Redemption Fund – This fund is a debt service fund used to account for the revenues from a specific tax levy for the purpose of the repayment of debt principal, interest and other fiscal charges.

The following are the District’s nonmajor governmental funds:

Food Service Fund – This fund is a special revenue fund used to account for the financial transactions related to food service operations.

Pupil Activity Fund – This fund is a special revenue fund used to record financial transactions related to school-sponsored pupil organizations and activities.

Head Start Fund – This fund is a special revenue fund used to account for expenditures related to the Head Start Program.

Scholarship Fund – This fund is a special revenue fund used to record the financial transactions related to contributions and earnings that are used to award scholarships to area students.

Child Care Center Fund – This fund is a special revenue fund used to account for the financial activities associated with the District’s child care center operations.

Fiduciary Funds focus on net position and changes in net position. The fiduciary fund category is split into four classifications: pension (and other employee benefit) trust funds, investment trust funds, private-purpose trust funds and custodial funds. Trust funds are used to account for assets held by the District under a trust agreement for individuals, private organizations or other governments and are therefore not available to support the District’s own programs. The District has one private-purpose trust fund, the Scholarship Trust Fund.

**BRUSH SCHOOL DISTRICT NO. RE-2(J)**  
**Notes to Financial Statements**

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**Note A – Summary of significant accounting policies (Continued)**

**Note A.3 – Basis of presentation**

Government-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 government-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 reconciliations with a brief explanation to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues 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 are 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. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

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 management focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets, deferred outflows of resources, current liabilities and deferred inflows of resources, and a statement of revenues, expenditures and changes in fund balance, which reports the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources.

**BRUSH SCHOOL DISTRICT NO. RE-2(J)**  
**Notes to Financial Statements**

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**Note A – Summary of significant accounting policies (Continued)**

Fiduciary funds focus on net position and changes in net position and are reported using accounting principles similar to proprietary funds. The District's fiduciary funds are presented in the fiduciary fund financial statements by type. Since by definition these assets are being held for the benefit of a third party and cannot be used to address the activities or obligations of the District, these funds are not incorporated into the government-wide financial statements.

**A.4 – Basis of accounting**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. 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, except for state and federal grant revenues, which are considered available if collection is expected within six months of year end.

Nonexchange 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 in 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 nonexchange 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 sixty days after year-end, interest, tuition, grants and student fees.

**BRUSH SCHOOL DISTRICT NO. RE-2(J)**  
**Notes to Financial Statements**

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**Note A – Summary of significant accounting policies (Continued)**

Deferred outflows/inflows of resources - In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenditure) until then.

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

Unearned revenue – 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 the revenue is recognized.

Expenditures – 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 the governmental funds.

**A.5 – Encumbrances**

Encumbrance accounting is utilized by the District to record purchase orders, contracts and other commitments for the expenditure of monies to assure effective budgetary control and accountability. Encumbrances outstanding at year-end are canceled and reappropriated in the ensuing year’s budget.

**A.6 – Short-term interfund receivables/payables**

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as internal balances on the government-wide statement of net position, and are classified as due from other funds or due to other funds on the balance sheet.

**BRUSH SCHOOL DISTRICT NO. RE-2(J)**  
**Notes to Financial Statements**

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**Note A – Summary of significant accounting policies (Continued)**

**A.7 – Inventories**

Food Service Fund – purchased inventories are stated at cost as determined by the first-in, first-out method. Commodity inventories are stated at the United States Department of Agriculture’s assigned values, which approximate fair value, at the date of receipt. Expenditures for food items are recorded when consumed. The federal government donates surplus commodities to the national school lunch program. Commodity distributions used by the District are recorded as revenues at the date of their consumption.

**A.8 – 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 government-wide statement of net position, but are not reported in the fund financial statements.

All capital assets with a unit cost greater than \$5,000 are capitalized at cost (or estimated historical cost, if actual cost is not available) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair value on the date received. Infrastructure assets, consisting of certain improvements other than buildings (such as parking facilities, sidewalks, landscaping and lighting systems) are capitalized along with other capital assets. Improvements to assets are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not.

All reported capital assets are depreciated with the exception of land costs. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Governmental Activities</u>
Buildings and improvements	10-40 years
Licensed vehicles	5-20 years
Equipment	5-20 years

**BRUSH SCHOOL DISTRICT NO. RE-2(J)**  
**Notes to Financial Statements**

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**Note A – Summary of significant accounting policies (Continued)**

**A.9 – Compensated absences**

The District reports compensated absences in accordance with the provisions of GASB Statement No. 16, “Accounting for Compensated Absences.” Compensated absences benefits are accrued as a liability as the benefits are earned if the employees’ rights to receive compensation are attributable to services already rendered and it is probable that the District will compensate the employees for the benefits through paid time off or some other means. Accumulated general leave benefits are paid to employees upon termination of employment.

Each full-time classified staff member employed on a 12-month basis shall be granted a two-week vacation after one year of regular employment and three weeks’ vacation after 10 years of service to the school district. Part-time personnel employed 12 months per year shall receive the same number of vacation days as provided to full-time 12-month employees in accordance with the regular daily hours worked subject to regulations adopted by the Board. Accumulated leave is paid upon termination of employment.

The entire compensated absence liability is reported on the government-wide financial statements.

For governmental fund financial statements, the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts, if any, are recorded in the account “accrued compensated absences” in the fund from which the employees who have accumulated unpaid leave are paid. The noncurrent portion of the liability is not reported.

The amount recorded as liabilities for all applicable compensated absences include salary-related payments associated with the payment of compensated absences, using the rates in effect at the balance sheet date.

**A.10 – Accrued liabilities and long-term obligations**

All payables, accrued liabilities and long-term obligations are reported in the government-wide 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, the noncurrent portion of compensated absences that will be paid from governmental funds is reported as a liability in the fund financial statements only to the extent that they will be paid with current, expendable, available financial resources. Bonds payable 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.

**BRUSH SCHOOL DISTRICT NO. RE-2(J)**  
**Notes to Financial Statements**

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**Note A – Summary of significant accounting policies (Continued)**

**A.11 – Fund balance**

The Governmental Accounting Standards Board (GASB) has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes.

GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance categories listed below.

*Nonspendable*, such as fund balance associated with inventories, prepaid expenditures, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed or assigned),

*Restricted* fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

*Committed* fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the board of education (the District's highest level of decision-making authority),

*Assigned* fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed, and

*Unassigned* fund balance is the residual classification for the District's general fund and includes all spendable amounts not contained in the other classifications.

Committed fund balance is established by a formal passage of a resolution. This is typically done through the adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund. Assigned fund balance is established by the board of education through adoption or amendment of the budget as intended for specific purpose (such as purchase of fixed assets, construction, debt service or for other purposes).

When both restricted and unrestricted resources are available in governmental funds, the District applies expenditures against restricted fund balance first, and followed by committed fund balance, assigned fund balance and unassigned fund balance.

**BRUSH SCHOOL DISTRICT NO. RE-2(J)**  
**Notes to Financial Statements**

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**Note A – Summary of significant accounting policies (Continued)**

**A.12 – Net position**

Net position represents the difference between assets and liabilities. Net investment in capital assets consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are liabilities imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

**A.13 – Interfund 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 interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. In general, the effect of interfund activity has been eliminated from the government-wide financial statements.

**A.14 – Extraordinary and special items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the board of education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during the year.

**Note B – Cash and investments**

**Cash and deposits**

Colorado State statutes govern the District's deposit of cash. The Public Deposit Protection Acts (PDPA) for banks and savings and loans require state regulators to certify eligible depositories for public deposits. The PDPA require eligible depositories with public deposits in excess of federal insurance levels to create a single institution collateral pool of defined eligible assets. Eligible collateral includes obligations of the United States, obligations of the State of Colorado or Colorado local governments and obligations secured by first lien mortgages on real property located in the state. The pool is to be maintained by another institution or held in trust for all uninsured public deposits as a group and not held in any individual government's name. The fair value of the assets in the pool must be at least equal to 102% of the aggregate uninsured deposits.

**BRUSH SCHOOL DISTRICT NO. RE-2(J)**  
**Notes to Financial Statements**

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**Note B – Cash and investments (Continued)**

Custodial credit risk – deposits – Custodial credit risk is the risk that in the event of a bank failure, the District’s deposits may not be returned to it. The District does not have deposit policy for custodial credit risk. As of year-end, the District had total deposits of \$2,228,133, of which \$500,000 was insured and \$1,728,133 was collateralized with securities held by the pledging institution’s trust department or agent in the District’s name.

**Investments**

Authorized Investments – Investment policies are governed by Colorado State Statutes and the District’s own investment policies and procedures. Investments of the District may include:

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

During the year, the District invested in Colotrust (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commission administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund and each share is equal in value to \$1.00. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and repurchase agreements collateralized by certain obligations of U.S. government agencies. A designated custodial bank serves as custodian for the Trust’s portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust’s investment portfolios and provides services as the depository in connection with direct investments and withdrawals. As of June 30, 2023, the District had invested \$16,298,165 in COLOTRUST PLUS+, an SEC Rule 2a7-like investment pool. Investments are valued at the net asset value (NAV) of \$1.00. The investment pools are routinely monitored by the Colorado Division of Securities with regard to operations and investments.

**BRUSH SCHOOL DISTRICT NO. RE-2(J)**  
**Notes to Financial Statements**

**Note B – Cash and investments (Continued)**

At year-end, the District had the following investments. The investment in Colotrust (a local government investment pool) is maintained in the General and Bond Redemption Funds.

<u>Investment type</u>	<u>Fair value</u>	<u>Investment maturities (in years)</u>		
		<u>Less than 1</u>	<u>1-5</u>	<u>6-10</u>
Investment in Colotrust	<u>\$ 16,298,165</u>	<u>\$16,298,165</u>	<u>\$ -</u>	<u>\$ -</u>

Credit risk – State law limits investments in commercial paper, corporate bonds, and mutual bond funds to the highest rating from at least one nationally recognized rating agency at the time of purchase. The District has no investment policy that would further limit its investment choices. At year-end, the District’s investment in Colotrust was rated AAAM by Standard and Poor’s.

The following table provides a reconciliation of cash and investments on the statement of net position:

Cash on hand	\$ 1,500
Cash in bank	1,825,871
Cash with fiscal agent	158,907
Certificates of deposit	305,237
Colotrust	<u>16,298,165</u>
Total	<u>\$ 18,589,680</u>
<u>Statement of net position</u>	
Cash	\$ 1,827,371
Cash with fiscal agent	158,907
Certificates of deposit	67,914
Investments	<u>16,298,165</u>
Subtotal	18,352,357
<u>Statement of fiduciary net position</u>	
Certificates of deposit	<u>237,323</u>
Subtotal	<u>237,323</u>
Total	<u>\$ 18,589,680</u>

**BRUSH SCHOOL DISTRICT NO. RE-2(J)**  
**Notes to Financial Statements**

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**Note C – Receivables**

Receivables at year-end consist of the following:

	<u>Governmental Activities</u>
Property taxes receivable	\$ 473,040
Grants receivable	335,221
Other receivables	<u>106,959</u>
Total	<u>\$ 915,220</u>

Property taxes are levied on December 15<sup>th</sup> and attach as a lien on property the following January 1<sup>st</sup>. They are payable in full by April 30<sup>th</sup> or are due in two equal installments on February 28<sup>th</sup> and June 15<sup>th</sup>. Morgan and Washington Counties bill and collect property taxes for all taxing entities within the counties. The tax receipts collected by the counties are remitted to the District in the subsequent month.

**Note D – Interfund transactions**

The following is a summary of interfund transactions for the year as presented in the fund financial statements:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
<u>Governmental funds</u>		
General fund	\$ -	\$ 27,472
Designated purpose grants fund		31,324
Other governmental funds	79,411	14,865
<u>Fiduciary funds</u>		
Private purpose trust fund	<u>-</u>	<u>5,750</u>
Total	<u>\$ 79,411</u>	<u>\$ 79,411</u>

All balances resulted from the time lag between the dates that (1) interfund reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

**BRUSH SCHOOL DISTRICT NO. RE-2(J)**  
**Notes to Financial Statements**

**Note E – Capital assets**

Capital asset activity for the year was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions/ Transfers</u>	<u>Ending Balance</u>
<b>Governmental activities</b>				
Capital assets, not being depreciated:				
Land	\$ 787,417	\$ -	\$ -	\$ 787,417
Total capital assets, not being depreciated	787,417	-	-	787,417
Capital assets, being depreciated:				
Land improvements	413,995	-	-	413,995
Buildings and improvements	99,993,648	99,205	-	100,092,853
Leased equipment	-	248,531	-	248,531
Licensed vehicles	1,850,522	101,964	-	1,952,486
Equipment	<u>2,268,305</u>	<u>189,564</u>	<u>-</u>	<u>2,457,869</u>
Total capital assets, being depreciated	<u>104,526,470</u>	<u>639,264</u>	<u>-</u>	<u>105,165,734</u>
Total capital assets	105,313,887	639,264	-	105,953,151
Less accumulated depreciation:				
Land improvements	(25,125)	(10,350)	-	(35,475)
Buildings and improvements	(25,012,021)	(2,365,317)	-	(27,377,338)
Leased equipment	-	(15,314)	-	(15,314)
Licensed vehicles	(1,047,062)	(83,636)	-	(1,130,698)
Equipment	<u>(1,486,408)</u>	<u>(167,654)</u>	<u>-</u>	<u>(1,654,062)</u>
Total accumulated depreciation	<u>(27,570,616)</u>	<u>(2,642,271)</u>	<u>-</u>	<u>(30,212,887)</u>
Governmental activities capital assets, net	<u>\$ 77,743,271</u>	<u>\$ (2,003,007)</u>	<u>\$ -</u>	<u>\$ 75,740,264</u>

**BRUSH SCHOOL DISTRICT NO. RE-2(J)**  
**Notes to Financial Statements**

**Note E – Capital assets (Continued)**

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

Governmental activities		
Instruction	\$	41,723
Operations and maintenance		83,682
Student transportation		81,493
Central support		28,662
Food service operations		31,044
Unallocated		<u>2,375,667</u>
 Total	\$	<u>2,642,271</u>

**Note F – Accrued salaries and benefits**

Salaries and benefits of certain contractually employed personnel are paid over a twelve-month period from September to August, but are earned during a school year of approximately nine to ten months. The salaries and benefits earned but not paid at year-end are estimated to be \$2,014,276. Accordingly, this accrued compensation is reflected as a liability in the accompanying financial statements.

**Note G – Long-term debt**

The following is a summary of the changes in long-term debt for the year:

	<u>Beginning</u> <u>Balances</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending</u> <u>Balances</u>	<u>Due within</u> <u>one year</u>
<b>Governmental activities</b>					
Compensated absences	\$ 43,281	\$ -	\$ (8,166)*	\$ 35,115	\$ -
Bonds payable	5,805,000	-	(260,000)	5,545,000	265,000
Bond premium	686,152	-	(44,993)	641,159	-
Certificates of Participation	27,546,642	-	(1,325,084)	26,221,558	1,370,004
Leases payable	-	<u>248,531</u>	<u>(9,646)</u>	<u>238,885</u>	<u>47,339</u>
Total	<u>\$ 34,081,075</u>	<u>\$ 248,531</u>	<u>\$ (1,647,889)</u>	<u>\$ 32,681,717</u>	<u>\$ 1,682,343</u>

\* The change in the compensated absences liability is presented as a net change.

Payments on the bonds and certificates of participation are made in the Bond Redemption Fund, while payments on the lease payable are made in the General Fund.

The District believes that the current portion of compensated absences is negligible and is therefore not reported.

**BRUSH SCHOOL DISTRICT NO. RE-2(J)**  
**Notes to Financial Statements**

**Note G – Long-term debt (Continued)**

**Bonds Payable**

\$6,055,000 general obligation bonds, dated October 30, 2017, due in annual installments beginning in fiscal year 2022 ranging from \$250,000 to \$500,000; varying annual interest rates from 3.00% to 5.00%, payable semi-annually on June 1<sup>st</sup> and December 1<sup>st</sup>.

\$ 5,545,000

**Certificates of participation**

In December 2017, the District issued \$32,444,245 Certificates of Participation, Series 2017. Principal payments are due in annual installments beginning in fiscal year 2018 ranging from \$1,177,386 to \$2,184,848; fixed annual interest rate of 3.390%, payable semi-annually on June 1<sup>st</sup> and December 1<sup>st</sup>.

The following schedule represents the District’s debt service requirements to maturity for its bonds payable and certificates of participation:

<u>Year Ending December 31,</u>	<u>Bonds Payable</u>		<u>Certificates of Participation</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 265,000	\$ 242,706	\$ 1,370,004	\$ 865,689
2025	275,000	231,906	1,416,447	818,459
2026	285,000	220,706	1,464,465	769,627
2027	300,000	207,506	1,514,110	719,141
2028	315,000	193,706	1,565,438	666,942
2029-2033	1,805,000	720,156	8,660,124	2,487,660
2034-2038	<u>2,300,000</u>	<u>227,047</u>	<u>10,230,970</u>	<u>890,189</u>
Totals	<u>\$ 5,545,000</u>	<u>\$ 2,043,733</u>	<u>\$26,221,558</u>	<u>\$ 7,217,707</u>

**Prior year defeasance of debt**

In prior years, the District defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District’s financial statements. At year-end, \$160,000 of bonds outstanding are considered defeased.

**BRUSH SCHOOL DISTRICT NO. RE-2(J)**  
**Notes to Financial Statements**

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**Note G – Long-term debt (Continued)**

**Leases payable**

\$248,531 has been recorded as intangible right to use leases in the Governmental Activities capital assets. Due to the implementation of GASB Statement No. 87, these leases for copy machines met the criteria of a lease; thus, requiring them to be recorded by the District. These assets will be amortized over the lease term of 63 months since it is shorter than the useful life and the District is not taking ownership of the equipment. There are no residual value guarantees in the lease provisions. Two of the three leases will end in fiscal year 2028, while one of the leases will end in fiscal year 2029. A summary of the principal amounts for the remaining leases are as follows:

<u>Year ended June 30,</u>	<u>Principal</u>
2024	\$ 47,339
2025	47,339
2026	47,339
2027	47,339
2028	46,081
2029	<u>3,448</u>
Total	<u>\$ 238,885</u>

**Note H – Defined benefit pension plan**

Summary of Significant Accounting Policies

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

**BRUSH SCHOOL DISTRICT NO. RE-2(J)**  
**Notes to Financial Statements**

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**Note H – Defined benefit pension plan (Continued)**

General Information about the Pension Plan

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

*Benefits provided as of December 31, 2022.* 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. Section 24-51-602, 604, 1713, and 1714.

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

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

The lifetime retirement benefit for all eligible retiring employees under the Denver Public Schools (DPS) benefit structure is the greater of the:

- Highest average salary multiplied by 2.5% and then multiplied by years of service credit.
- \$15 times the first 10 years of service credit plus \$20 times service credit over 10 years plus a monthly amount equal to the annuitized member contribution account balance based on life expectancy and other actuarial factors.

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

**BRUSH SCHOOL DISTRICT NO. RE-2(J)**  
**Notes to Financial Statements**

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**Note H – Defined benefit pension plan (Continued)**

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

Upon meeting certain criteria, benefit recipients who elect to receive a lifetime retirement benefit generally receive post-retirement cost-of-living adjustments, referred to as annual increases in the C.R.S. Subject to the automatic adjustment provision (AAP) under C.R.S. Section 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 lessor 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. Section 24-51-413.

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

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

*Contributions provisions as of June 30, 2023.* Eligible employees of the District and the State are required to contribute to the SCHDTF at a rate set by Colorado statute. The contribution requirements for the SCHDTF are established under C.R.S. Section 24-51-401, *et seq.* and Section 24-51-413. Eligible employees are required to contribute 11.00% of their PERA-includable salary during the period of July 1, 2022 through June 30, 2023. Employer contribution requirements are summarized in the table below:

**BRUSH SCHOOL DISTRICT NO. RE-2(J)**  
**Notes to Financial Statements**

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**Note H – Defined benefit pension plan (Continued)**

	July 1, 2022 Through <u>June 30, 2023</u>
Employer contribution rate	11.40%
Amount of employer contribution apportioned to the Health Care Trust Fund as specified in C.R.S. Section 24-51-208(1)(f)	<u>(1.02)%</u>
Amount apportioned to the SCHDTF	10.38%
Amortization Equalization Disbursement (AED) as specified in C.R.S. Section 24-51-411	4.50%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. Section 24-51-411	<u>5.50%</u>
Total employer contribution rate to the SCHDTF	<u><u>20.38%</u></u>

\*\*Contribution rates for the SCHDTF are expressed as a percentage of salary as defined in C.R.S. Section 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 \$2,119,834 for the year ended June 30, 2023.

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. Section 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. House Bill (HB) 22-1029, instructed the State treasurer to issue an additional direct distribution to PERA in the amount of \$380 million (actual dollars), upon enactment. The July 1, 2023, payment is reduced by \$190 million (actual dollars) to \$35 million (actual dollars). The July 1, 2024, payment will not be reduced due to PERA's negative investment return in 2022. Senate Bill (SB) 23-056, enacted June 2, 2023, requires an additional direct distribution of approximately \$14.5 million (actual dollars), for a total of approximately \$49.5 million (actual dollars) to be contributed July 1, 2023.

**BRUSH SCHOOL DISTRICT NO. RE-2(J)**  
**Notes to Financial Statements**

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**Note H – Defined benefit pension plan (Continued)**

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

The net pension liability for the SCHDTF was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021. Standard update procedures were used to roll-forward the total pension liability to December 31, 2022. The District's proportion of the net pension liability was based on the District's contributions to the SCHDTF for the calendar year 2022 relative to the total contributions of participating employers and the State as a nonemployer contributing entity.

At year end, the District reported a liability of \$24,050,407 for its proportionate share of the net pension liability that reflected a reduction for support from the State as a nonemployer contributing entity. The amount recognized by the District as its proportionate share of the net pension liability, the related support from the State as a nonemployer contributing entity, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the net pension liability	\$ 24,050,407
The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the District	<u>7,008,530</u>
Total	<u>\$ 31,058,937</u>

At December 31, 2022, the District's proportion was 0.1321%, which was a decrease of 0.0195% from its proportion measured as of December 31, 2021.

For the year ended June 30, 2023, the District recognized pension expense of \$4,808,863 and revenue of \$597,647 for support from the State as a nonemployer contributing entity. At year-end, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**BRUSH SCHOOL DISTRICT NO. RE-2(J)**  
**Notes to Financial Statements**

**Note H – Defined benefit pension plan (Continued)**

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 267,144	\$ -
Changes of assumptions or other inputs	531,032	-
Net difference between projected and actual earnings on pension plan investments	2,533,488	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	889,977	2,978,387
Contributions subsequent to the measurement date	<u>1,063,960</u>	<u>-</u>
Total	<u>\$ 5,285,601</u>	<u>\$ 2,978,387</u>

\$1,063,960 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 subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30, __</u>	<u>Amount</u>
2024	\$ (573,794)
2025	(844,391)
2026	782,194
2027	<u>1,879,245</u>
Totals	<u>\$ 1,243,254</u>

*Actuarial assumptions.* The total pension liability in the December 31, 2021 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

**BRUSH SCHOOL DISTRICT NO. RE-2(J)**  
**Notes to Financial Statements**

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**Note H – Defined benefit pension plan (Continued)**

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

<sub>1</sub> 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 total pension liability as of December 31, 2022, includes the anticipated adjustments to contribution rates and the AI cap, resulting from the 2020 AAP assessment, statutorily recognized July 1, 2022, and effective July 1, 2022.

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

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

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

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

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

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

**BRUSH SCHOOL DISTRICT NO. RE-2(J)**  
**Notes to Financial Statements**

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**Note H – Defined benefit pension plan (Continued)**

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

The actuarial assumptions used in the December 31, 2021, valuation were based on the results of the 2020 experience analysis for the period January 1, 2016, through December 31, 2019, and were reviewed and adopted by the PERA Board at their November 20, 2020, meeting.

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

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>30 Year Expected Geometric Real Rate of Return</u>
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	<u>6.00%</u>	4.70%
Total	<u>100.00%</u>	

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

**BRUSH SCHOOL DISTRICT NO. RE-2(J)**  
**Notes to Financial Statements**

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**Note H – Defined benefit pension plan (Continued)**

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

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00%.
- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the scheduled increases in SB 18-200 and required adjustments resulting from the 2018 and 2020 AAP assessments. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the scheduled increase in SB 18-200 and required adjustments resulting from the 2018 and 2020 AAP assessments. Employer contributions also include current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103%, at which point the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions reflect reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- As specified in law, the State, as a nonemployer contributing entity, will provide an annual direct distribution of \$225 million (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.
- HB 22-1029, effective upon enactment in 2022, required the State treasurer to issue, in addition to the regularly scheduled \$225 million (actual dollars) direct distribution, a warrant to PERA in the amount of \$380 million (actual dollars). The July 1, 2023, direct distribution is reduced by \$190 million (actual dollars) to \$35 million (actual dollars). The July 1, 2024, direct distribution will not be reduced from \$225 million (actual dollars) due to PERA's negative investment return in 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.

**BRUSH SCHOOL DISTRICT NO. RE-2(J)**  
**Notes to Financial Statements**

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**Note H – Defined benefit pension plan (Continued)**

- The AIR balance was excluded from the initial FNP, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the FNP and the subsequent AIR benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the middle of the year.

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

*Sensitivity of the District’s proportionate share of the net pension liability to changes in the discount rate.* The following presents the 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 one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate:

	1% Decrease <u>(6.25%)</u>	Current Discount Rate <u>(7.25%)</u>	1% Increase <u>(8.25%)</u>
Proportionate share of the net pension liability	<u>\$ 31,473,711</u>	<u>\$ 24,050,407</u>	<u>\$ 17,851,189</u>

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

Payables to the pension plan

The District did not report any payables to the pension plan at year-end.

**BRUSH SCHOOL DISTRICT NO. RE-2(J)**  
**Notes to Financial Statements**

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**Note I – Defined contribution pension plan**

Voluntary Investment Program (PERAPlus 401(k) Plan)

*Plan description* - Employees of the District that are also members of the SCHDTF may voluntarily contribute to the Voluntary Investment Program (PERAPlus 401(k) Plan), 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 ACFR which includes additional information on the PERAPlus 401(k) Plan. That report can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

*Funding policy* - The PERAPlus 401(k) Plan 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 does not offer matching contributions to its employees. Employees are immediately vested in their own contributions and investment earnings. For the year ended June 30, 2023, program members contributed \$44,080 for the PERAPlus 401(k) Plan.

**Note J – Defined benefit other post-employment benefit (OPEB) plan**

Summary of Significant Accounting Policies

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

General Information about the OPEB Plan

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

**BRUSH SCHOOL DISTRICT NO. RE-2(J)**  
**Notes to Financial Statements**

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**Note J – Defined benefit other post-employment benefit (OPEB) plan (Continued)**

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

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

*PERA Benefit Structure*

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

For benefit recipients who have not participated in Social Security and who are not otherwise eligible for premium-free Medicare Part A for hospital-related services, C.R.S. Section 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

**BRUSH SCHOOL DISTRICT NO. RE-2(J)**  
**Notes to Financial Statements**

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**Note J – Defined benefit other post-employment benefit (OPEB) plan (Continued)**

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.

*DPS Benefit Structure*

The maximum service-based premium subsidy is \$230 per month for retirees who are under 65 years of age and who are not entitled to Medicare; the maximum service-based subsidy is \$115 per month for retirees 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 retirees 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 retiree pays the remaining portion of the premium to the extent the subsidy does not cover the entire amount.

For retirees who have not participated in Social Security and who are not otherwise eligible for premium-free Medicare Part A for hospital-related services, the HCTF or the DPS HCTF pays an alternate service-based premium subsidy. Each individual retiree meeting these conditions receives the maximum \$230 per month subsidy reduced appropriately for service less than 20 years, as described above. Retirees who do not have Medicare Part A pay the difference between the total premium and the monthly subsidy.

*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 \$106,095 for the year ended June 30, 2023.

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

At year-end, the District reported a liability of \$819,566 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2021. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2022. The District's proportion of the net OPEB liability was based on the District's contributions to the HCTF for the calendar year 2022 relative to the total contributions of participating employers to the HCTF.

**BRUSH SCHOOL DISTRICT NO. RE-2(J)**  
**Notes to Financial Statements**

---

**Note J – Defined benefit other post-employment benefit (OPEB) plan (Continued)**

At December 31, 2022, the District’s proportion was 0.1004%, which was an increase of 0.0014% from its proportion measured as of December 31, 2021.

For the year ended June 30, 2023, the District recognized OPEB expense of \$29,810. At year-end, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 93	\$ 188,848
Changes of assumptions or other inputs	12,762	88,616
Net difference between projected and actual earnings on OPEB plan investments	51,618	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	87,569	-
Contributions subsequent to the measurement date	<u>53,250</u>	<u>-</u>
Total	<u>\$ 205,292</u>	<u>\$ 277,464</u>

\$53,250 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 subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ended June 30,</u>	<u>Amount</u>
2024	\$ (44,471)
2025	(50,168)
2026	(15,048)
2027	5,689
2028	(17,220)
2029	<u>(4,204)</u>
Total	<u>\$ (125,422)</u>

**BRUSH SCHOOL DISTRICT NO. RE-2(J)**  
**Notes to Financial Statements**

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**Note J – Defined benefit other post-employment benefit (OPEB) plan (Continued)**

*Actuarial assumptions.* The total OPEB liability in the December 31, 2021 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs for the School Division:

Actuarial cost method	Entry age
Price inflation	2.30%
Real wage growth	0.70%
Wage inflation	3.00%
Salary increases, including wage inflation	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	6.50% in 2022, gradually decreasing to 4.50% in 2030
Medicare Part A premiums	3.75% in 2022, gradually increasing to 4.50% in 2029
DPS benefit structure:	
Service-based premium subsidy	0.00%
PERACare Medicare plans	N/A
Medicare Part A premiums	N/A

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

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

**BRUSH SCHOOL DISTRICT NO. RE-2(J)**  
**Notes to Financial Statements**

**Note J – Defined benefit other post-employment benefit (OPEB) plan (Continued)**

Age-Related Morbidity Assumptions		
Participant Age	Annual Increase (Male)	Annual Increase (Female)
65-69	3.0%	1.5%
70	2.9%	1.6%
71	1.6%	1.4%
72	1.4%	1.5%
73	1.5%	1.6%
74	1.5%	1.5%
75	1.5%	1.4%
76	1.5%	1.5%
77	1.5%	1.5%
78	1.5%	1.6%
79	1.5%	1.5%
80	1.4%	1.5%
81 and older	0.0%	0.0%

Sample Age	MAPD PPO #1 with Medicare Part A		MAPD PPO #2 with Medicare Part A		MAPD HMO (Kaiser) with Medicare Part A	
	Retiree/Spouse		Retiree/Spouse		Retiree/Spouse	
	Male	Female	Male	Female	Male	Female
65	\$1,704	\$1,450	\$583	\$496	\$1,923	\$1,634
70	\$1,976	\$1,561	\$676	\$534	\$2,229	\$1,761
75	\$2,128	\$1,681	\$728	\$575	\$2,401	\$1,896

**BRUSH SCHOOL DISTRICT NO. RE-2(J)**  
**Notes to Financial Statements**

**Note J – Defined benefit other post-employment benefit (OPEB) plan (Continued)**

Sample Age	MAPD PPO #1 without Medicare Part A		MAPD PPO #2 without Medicare Part A		MAPD HMO (Kaiser) without Medicare Part A	
	Retiree/Spouse		Retiree/Spouse		Retiree/Spouse	
	Male	Female	Male	Female	Male	Female
65	\$6,514	\$5,542	\$4,227	\$3,596	\$6,752	\$5,739
70	\$7,553	\$5,966	\$4,901	\$3,872	\$7,826	\$6,185
75	\$8,134	\$6,425	\$5,278	\$4,169	\$8,433	\$6,657

The 2022 Medicare Part A premium is \$499 (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.

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and industry methods developed by health plan actuaries and administrators. In addition, projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services are referenced in the development of these rates. Effective December 31, 2021, the health care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

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

**BRUSH SCHOOL DISTRICT NO. RE-2(J)**  
**Notes to Financial Statements**

**Note J – Defined benefit other post-employment benefit (OPEB) plan (Continued)**

<u>Year</u>	<u>PERACare Medicare Plans</u>	<u>Medicare Part A Premiums</u>
2022	6.50%	3.75%
2023	6.25%	4.00%
2024	6.00%	4.00%
2025	5.75%	4.00%
2026	5.50%	4.25%
2027	5.25%	4.25%
2028	5.00%	4.25%
2029	4.75%	4.50%
2030+	4.50%	4.50%

Mortality assumptions used in the December 31, 2021, 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 total OPEB liability for the HCTF, but developed on a headcount-weighted basis. Affiliated employers of the State, School, Local Government and Judicial Divisions participate in the HCTF.

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

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

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

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

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

**BRUSH SCHOOL DISTRICT NO. RE-2(J)**  
**Notes to Financial Statements**

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**Note J – Defined benefit other post-employment benefit (OPEB) plan (Continued)**

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

- Per capita health care costs in effect as of the December 31, 2021, valuation date for those PERACare enrollees under the PERA benefit structure who are expected to be age 65 and older and are not eligible for premium-free Medicare Part A benefits have been updated to reflect costs for the 2022 plan year.
- The December 31, 2021, valuation utilizes premium information as of January 1, 2022, as the initial per capita health care cost. As of that date, PERACare health benefits administration is performed by UnitedHealthcare. In that transition, the costs for the Medicare Advantage Option #2 decreased to a level that is lower than the maximum possible service-related subsidy as described in the plan provisions.
- The health care cost trend rates applicable to health care premiums were revised to reflect the then current expectation of future increases in those premiums. Medicare Part A premiums continued with the prior valuation trend pattern.

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.

Effective for the December 31, 2022, measurement date, the timing of the retirement decrement was adjusted to middle-of-year within the valuation programming used to determine the total OPEB liability, reflecting a recommendation from the 2022 actuarial audit report, dated October 14, 2022, summarizing the results of the actuarial audit performed on the December 31, 2021, actuarial valuation.

The actuarial assumptions used in the December 31, 2021, valuation were based on the results of the 2020 experience analysis for the period January 1, 2016, through December 31, 2019, and were reviewed and adopted by the PERA Board at their November 20, 2020, meeting.

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

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

**BRUSH SCHOOL DISTRICT NO. RE-2(J)**  
**Notes to Financial Statements**

**Note J – Defined benefit other post-employment benefit (OPEB) plan (Continued)**

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:

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

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

*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:

	<u>1% Decrease in Trend Rates</u>	<u>Current Trend Rates</u>	<u>1% Increase in Trend Rates</u>
Initial PERACare Medicare trend rate <sup>1</sup>	5.25%	6.25%	7.25%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	3.00%	4.00%	5.00%
Ultimate Medicare Part A trend rate	<u>3.50%</u>	<u>4.50%</u>	<u>5.50%</u>
Net OPEB Liability	\$ 796,368	\$ 819,566	\$ 844,807

<sup>1</sup>For the January 1, 2023, plan year.

*Discount rate.* The discount rate used to measure the total OPEB liability was 7.25%. The projection of cash flows used to determine the discount rate applied the actuarial cost method and assumptions 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, 2022, measurement date.

**BRUSH SCHOOL DISTRICT NO. RE-2(J)**  
**Notes to Financial Statements**

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**Note J – Defined benefit other post-employment benefit (OPEB) plan (Continued)**

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00%.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Estimated transfers of dollars into the HCTF representing a portion of purchase service agreements intended to cover the costs associated with OPEB benefits.
- Benefit payments and contributions were assumed to be made at the middle of the year.

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

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	<u>\$ 950,119</u>	<u>\$ 819,566</u>	<u>\$ 707,900</u>

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

Payables to the OPEB plan

The District did not report any payables to the OPEB plan at year-end.

**BRUSH SCHOOL DISTRICT NO. RE-2(J)**  
**Notes to Financial Statements**

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**Note K – 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 continues to carry commercial insurance for all risks of loss, including workers' compensation and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage or the deductible in any of the past three fiscal years. There has been no significant reduction in insurance coverage from the prior year in any of the major categories of risk.

**Note L – Commitments and contingencies**

Federal and state funding

The District receives revenues from various federal and state grant programs which are subject to final review and approval by the grantor agencies. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the District expects such amounts, if any, to be immaterial.

TABOR Amendment

In November 1992, Colorado voters passed an amendment, commonly known as the Taxpayer's Bill of Rights (TABOR), to the State Constitution (Article X, Section 20) which limits the revenue raising and spending abilities of state and local governments. The limits on property taxes, revenue, and "fiscal year spending" include allowable annual increases tied to inflation and local growth in student enrollment. Fiscal year spending as defined by the amendment excludes spending from certain revenue and financing sources such as federal funds, gifts, property sales, fund transfers, damage awards, and fund reserves (balances). The amendment requires voter approval for any increase in mill levy or tax rates, new taxes, or creation of multi-year debt. Revenue earned in excess of the "spending limit" must be refunded or approved to be retained by the District under specified requirements by the entire electorate. During the year ended June 30, 2002, the voters of the District approved a ballot initiative permitting the District to retain, appropriate, and utilize, by retention for reserve, carryover fund balance, or expenditure, the full proceeds and revenues received from every source whatsoever, without limitation, in this fiscal year and all subsequent fiscal years notwithstanding any limitation of Article X, Section 20 of the Colorado Constitution. TABOR is complex and subject to judicial interpretation. The District believes it is in compliance with the requirements of TABOR. However, the District has made certain interpretations of TABOR's language in order to determine its compliance. The District has reserved funds in the General Fund in the amount of \$515,000 for the emergency reserve.

**BRUSH SCHOOL DISTRICT NO. RE-2(J)**  
**Notes to Financial Statements**

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**Note L – Commitments and contingencies (Continued)**

Local Government Budget Law

Expenditures in the General, Food Service, Head Start and Child Care Center Funds exceeded their appropriations by \$792,736, \$106,277, \$61,503 and \$37,541, respectively, and may be in violation of Colorado Local Government Budget Laws.

**Note M – Joint venture**

The District participates in the Centennial Board of Cooperative Educational Services (BOCES). This joint venture does not meet the criteria for inclusion within the reporting entity because the BOCES:

- is financially independent and responsible for its own financing deficits and entitled to its own surpluses,
- has a separate governing board from that of the District,
- has a separate management which is responsible for the day to day operations and is accountable to the separate board,
- governing board and management have the ability to significantly influence operations by approving budgetary requests and adjustments, signing contracts, hiring personnel, exercising control over facilities and determining the outcome or disposition of matters affecting the recipients or services provided, and
- has absolute authority over all funds and fiscal responsibility including budgetary responsibility and reporting to state agencies and controls fiscal management.

The District has one member on the board. The board has final authority for all budgeting and financing of the joint venture.

Separate financial statements of the Centennial Board of Cooperative Educational Services are available by contacting their administrative office in Greeley, Colorado.

For the year, the District's contribution was \$51,289.

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### **Required Supplementary Information**

Required supplementary information includes financial information and disclosures that are required by the Governmental Accounting Standards Board but are not considered a part of the basic financial statements. Such information includes:

- Budgetary Comparison Schedule – General Fund
- Budgetary Comparison Schedule – Designated Purpose Grants Fund
- Schedule of the District’s Proportionate Share of the Net Pension Liability – PERA’s School Division Trust Fund
- Schedule of District Contributions – PERA’s School Division Trust Fund
- Schedule of the District’s Proportionate Share of the Net OPEB Liability – PERA’s Health Care Trust Fund
- Schedule of District Contributions – PERA’s Health Care Trust Fund
- Notes to the Required Supplementary Information

**BRUSH SCHOOL DISTRICT NO. RE-2(J)**  
**General Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2023**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Favorable (Unfavorable)
Revenues				
Local sources	\$ 10,523,642	\$ 10,773,642	\$ 10,703,164	\$ (70,478)
Intermediate sources	4,900	4,900	25,237	20,337
State sources	6,456,311	6,456,311	7,449,942	993,631
Federal sources	1,150,000	1,150,000	757,927	(392,073)
Total revenues	18,134,853	18,384,853	18,936,270	551,417
Expenditures				
Instruction	9,614,059	9,864,059	10,558,683	(694,624)
Supporting services	8,520,794	8,520,794	8,510,056	10,738
Capital outlay			99,205	(99,205)
Debt service				
Principal retirement			9,645	(9,645)
Total expenditures	18,134,853	18,384,853	19,177,589	(792,736)
Excess of revenues over (under) expenditures	-	-	(241,319)	(241,319)
Other financing sources				
Proceeds from lease			248,531	248,531
Net change in fund balance	\$ -	\$ -	7,212	\$ 7,212
Fund balance at beginning of year			10,451,821	
Fund balance at end of year			\$ 10,459,033	

**BRUSH SCHOOL DISTRICT NO. RE-2(J)**  
**Designated Purpose Grants Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2023**

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Federal sources				
Carl Perkins			\$ 4,442	\$ 4,442
Services within the BOCES	\$ 388,170	\$ 388,170	335,463	(52,707)
Total revenues	388,170	388,170	339,905	(48,265)
Expenditures				
Instruction				
Salaries	261,342	261,342	266,556	(5,214)
Employee benefits	96,402	96,402	69,802	26,600
Purchased services			536	(536)
Supplies and materials			1,935	(1,935)
Other			316	(316)
Total instruction	357,744	357,744	339,145	18,599
Supporting services				
Students				
Purchased services	5,426	5,426		5,426
Supplies and materials	25,000	25,000	760	24,240
Total supporting services	30,426	30,426	760	29,666
Total expenditures	388,170	388,170	339,905	48,265
Net change in fund balance	\$ -	\$ -	-	\$ -
Fund balance at beginning of year			-	
Fund balance at end of year			\$ -	

**BRUSH SCHOOL DISTRICT NO. RE-2(J)**  
**Schedule of the District's Proportionate Share of the Net Pension Liability**  
**PERA's School Division Trust Fund**  
**June 30, 2023**

	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>
District's proportion of the net pension liability	0.1321%	0.1516%	0.1646%	0.1396%
District's proportionate share of the net pension liability	\$ 24,050,407	\$ 17,637,096	\$ 24,889,605	\$ 20,852,730
State's proportionate share of the net pension liability	<u>7,008,530</u>	<u>2,021,868</u>	<u>-</u>	<u>2,644,904</u>
Total	<u>\$ 31,058,937</u>	<u>\$ 19,658,964</u>	<u>\$ 24,889,605</u>	<u>\$ 23,497,634</u>
District's covered payroll	\$ 10,186,015	\$ 9,471,749	\$ 8,800,829	\$ 8,201,044
District's proportionate share of the net pension liability as a percentage of its covered payroll	236.11%	186.21%	282.81%	254.27%
Plan fiduciary net position as a percentage of the total pension liability	61.79%	74.86%	66.99%	64.52%

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

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<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>June 30, 2014</u>
0.1388%	0.1503%	0.1495%	0.1483%	0.1588%	0.1641%
\$ 24,581,851	\$ 48,586,470	\$ 44,506,341	\$ 22,679,462	\$ 21,526,445	\$ 20,929,143
<u>3,361,227</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 27,943,078</u>	<u>\$ 48,586,470</u>	<u>\$ 44,506,341</u>	<u>\$ 22,679,462</u>	<u>\$ 21,526,445</u>	<u>\$ 20,929,143</u>
\$ 7,631,964	\$ 6,930,991	\$ 6,708,983	\$ 6,462,300	\$ 6,653,306	\$ 6,614,834
322.09%	701.00%	663.38%	350.95%	323.55%	316.40%
57.01%	43.96%	43.10%	59.20%	62.84%	64.08%

**BRUSH SCHOOL DISTRICT NO. RE-2(J)**  
**Schedule of District Contributions**  
**PERA's School Division Trust Fund**  
**June 30, 2023**

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	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Contractually required contribution	\$ 2,119,834	\$ 1,977,789	\$ 1,807,658	\$ 1,635,919
Contributions in relation to the contractually required contribution	<u>(2,119,834)</u>	<u>(1,977,789)</u>	<u>(1,807,658)</u>	<u>(1,635,919)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 10,401,496	\$ 9,948,630	\$ 9,092,870	\$ 8,442,061
Contributions as a percentage of covered payroll	20.38%	19.88%	19.88%	19.38%

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<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>June 30, 2014</u>
\$ 1,510,682	\$ 1,379,368	\$ 1,231,343	\$ 1,180,856	\$ 1,092,427	\$ 1,068,224
<u>(1,510,682)</u>	<u>(1,379,368)</u>	<u>(1,231,343)</u>	<u>(1,180,856)</u>	<u>(1,092,427)</u>	<u>(1,068,224)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 7,896,923	\$ 7,304,164	\$ 6,699,481	\$ 6,658,930	\$ 6,475,789	\$ 6,684,513
19.13%	18.88%	18.38%	17.73%	16.87%	15.98%

**BRUSH SCHOOL DISTRICT NO. RE-2(J)**  
**Schedule of the District's Proportionate Share of the Net OPEB Liability<sup>1</sup>**  
**PERA's Health Care Trust Fund**  
**June 30, 2023**

	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>
District's proportion of the net OPEB liability	0.1004%	0.0990%	0.0952%	0.0912%
District's proportionate share of the net OPEB liability	\$ 819,566	\$ 853,288	\$ 904,331	\$ 1,025,176
District's covered payroll	\$ 10,186,015	\$ 9,471,749	\$ 8,800,829	\$ 8,201,044
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	8.05%	9.01%	10.28%	12.50%
Plan fiduciary net position as a percentage of the total OPEB liability	38.57%	39.40%	32.78%	24.49%

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

<sup>1</sup> Information is not available prior to June 30, 2017. In future reports, additional years will be added until 10 years of historical data are presented.

Notes to schedule:

Effective for the December 31, 2022, measurement date, the timing of the retirement decrement was adjusted to middle-of-year within the valuation programming used to determine the TOL, reflecting a recommendation from the 2022 actuarial audit report, dated October 14, 2022, summarizing the results of the actuarial audit performed on the December 31, 2021, actuarial valuation.

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<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>
0.0902%	0.0854%	0.0850%
\$ 1,227,714	\$ 1,109,510	\$ 1,101,625
\$ 7,631,964	\$ 6,930,991	\$ 6,708,983
16.09%	16.01%	16.42%
17.03%	17.53%	16.72%

**BRUSH SCHOOL DISTRICT NO. RE-2(J)**  
**Schedule of District Contributions<sup>1</sup>**  
**PERA's Health Care Trust Fund**  
**June 30, 2023**

	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Contractually required contribution	\$ 106,095	\$ 101,476	\$ 92,747	\$ 86,109
Contributions in relation to the contractually required contribution	<u>(106,095)</u>	<u>(101,476)</u>	<u>(92,747)</u>	<u>(86,109)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 10,401,496	\$ 9,948,630	\$ 9,092,870	\$ 8,442,061
Contributions as a percentage of covered payroll	1.02%	1.02%	1.02%	1.02%

<sup>1</sup> Information is not available prior to June 30, 2017. In future reports, additional years will be added until 10 years of historical data are presented.

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<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>
\$ 80,549	\$ 74,502	\$ 68,335
<u>(80,549)</u>	<u>(74,502)</u>	<u>(68,335)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 7,896,923	\$ 7,304,164	\$ 6,699,481
1.02%	1.02%	1.02%

**BRUSH SCHOOL DISTRICT NO. RE-2(J)**  
**Notes to the Required Supplementary Information**

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**Note A – Budgetary data**

The District adheres to the following procedures in compliance with Colorado Revised Statutes, establishing the budgetary data in the financial statements:

1. Budgets are required by state law for all funds. Prior to May 31, the superintendent of schools submits to the board of education a proposed budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted by the board of education to obtain taxpayer comments.
3. Prior to June 30, the budget is adopted by formal resolution.
4. Prior to January 31, the board of education submits its adopted annual budget to the department of education.
5. Expenditures may not legally exceed appropriations at the fund level. Authorization to transfer budgeted amounts between departments within any fund and reallocation of budget line items within any department in the General Fund rests with the superintendent of schools. Revisions that alter the total expenditures of any fund must be approved by the board of education.
6. Budgets for all funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America.
7. Budgeted amounts reported in the accompanying financial statements are as originally adopted and as amended by the board of education throughout the year. After budget approval, the District board of education may approve supplemental appropriations if an occurrence, condition, or need exists which was not known at the time the budget was adopted.
8. Appropriations lapse at year-end.

**Note B – Factors affecting trends in amounts reported in the pension and OPEB schedules**

Information about factors that significantly affect trends in the amounts reported in the Schedules of the District's Proportionate Share of the Net Pension and OPEB Liabilities and the Schedules of District Contributions is available in PERA's comprehensive annual financial report which can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

### **Other Supplementary Information**

The other supplementary information presents a summary of the financial position of all funds of a given segment and the operating results of the same funds. The individual fund statements and schedules present information when only one fund exists.

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## **Budgetary Comparison Schedules - General Fund**

The General Fund accounts for all transactions of the District not required to be accounted for in other funds. This fund represents an accounting of the District's ordinary operations financed primarily from property and specific ownership taxes and state aid. It is the most significant fund in relation to the District's overall operations. The schedules of revenues and expenditures are included to provide a greater level of detail to the reader of the financial statements.

**BRUSH SCHOOL DISTRICT NO. RE-2(J)**  
**General Fund**  
**Budgetary Comparison Schedule - Revenues**  
**For the Year Ended June 30, 2023**

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
<b>Revenues</b>				
<b>Local sources</b>				
Property taxes	\$ 9,694,289	\$ 9,694,289	\$ 9,167,703	\$ (526,586)
Specific ownership taxes	674,558	674,558	1,087,713	413,155
Delinquent taxes and interest	4,500	4,500	8,835	4,335
Tuition	1,000	1,000		(1,000)
Other transportation	1,000	1,000		(1,000)
Earnings on investments	10,000	10,000	311,208	301,208
Other revenues	138,295	388,295	127,705	(260,590)
<b>Total local sources</b>	<b>10,523,642</b>	<b>10,773,642</b>	<b>10,703,164</b>	<b>(70,478)</b>
<b>Intermediate sources</b>				
Mineral lease	2,900	2,900	4,636	1,736
County impact assistance	2,000	2,000	20,601	18,601
<b>Total intermediate sources</b>	<b>4,900</b>	<b>4,900</b>	<b>25,237</b>	<b>20,337</b>
<b>State sources</b>				
State equalization	5,930,987	5,930,987	6,229,794	298,807
Vocational education	44,293	44,293	56,872	12,579
English language proficiency	60,167	60,167	31,900	(28,267)
Transportation	97,466	97,466	118,162	20,696
State grants for libraries			5,000	5,000
Small rural schools funding	250,000	250,000	277,212	27,212
At-risk funding			11,037	11,037
Career development incentive			2,347	2,347
READ act	46,172	46,172	41,889	(4,283)
On-behalf payment			597,647	597,647
Services within the BOCES	27,226	27,226	78,082	50,856
<b>Total state sources</b>	<b>6,456,311</b>	<b>6,456,311</b>	<b>7,449,942</b>	<b>993,631</b>
<b>Federal sources</b>				
ESSER III 90%	1,150,000	1,150,000	671,826	(478,174)
ESSER III 9.5% Set Aside			43,947	43,947
ESSER II distribution 90%			40,873	40,873
SNAP: P-EBT mini grant			1,281	1,281
<b>Total federal sources</b>	<b>1,150,000</b>	<b>1,150,000</b>	<b>757,927</b>	<b>(392,073)</b>
<b>Total revenues</b>	<b>\$ 18,134,853</b>	<b>\$ 18,384,853</b>	<b>\$ 18,936,270</b>	<b>\$ 551,417</b>

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**BRUSH SCHOOL DISTRICT NO. RE-2(J)**  
**General Fund**  
**Budgetary Comparison Schedule - Expenditures**  
**For the Year Ended June 30, 2023**

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Expenditures				
Instruction				
Salaries	\$ 6,454,615	\$ 6,704,615	\$ 6,575,266	\$ 129,349
Employee benefits	2,668,164	2,668,164	2,989,429	(321,265)
Purchased services	190,300	190,300	309,240	(118,940)
Supplies and materials	285,880	285,880	296,885	(11,005)
Property	11,000	11,000	383,775	(372,775)
Other	4,100	4,100	4,088	12
Total instruction	9,614,059	9,864,059	10,558,683	(694,624)
Supporting services				
Students				
Salaries	373,735	373,735	447,814	(74,079)
Employee benefits	127,188	127,188	198,287	(71,099)
Supplies and materials	14,650	14,650	12,943	1,707
Total students	515,573	515,573	659,044	(143,471)
Instructional staff				
Salaries	97,369	97,369	140,309	(42,940)
Employee benefits	36,758	36,758	76,261	(39,503)
Purchased services	58,000	58,000	74,125	(16,125)
Supplies and materials	33,470	33,470	27,337	6,133
Property			11,981	(11,981)
Total instructional staff	225,597	225,597	330,013	(104,416)
General administration				
Salaries	453,288	453,288	395,386	57,902
Employee benefits	240,108	240,108	143,801	96,307
Purchased services	280,000	280,000	199,786	80,214
Supplies and materials	382,275	382,275	529,606	(147,331)
Other	445,729	445,729	34,825	410,904
Total general administration	1,801,400	1,801,400	1,303,404	497,996

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
School administration				
Salaries	1,076,280	1,076,280	936,044	140,236
Employee benefits	204,993	204,993	397,173	(192,180)
Purchased services	2,000	2,000	1,141	859
Supplies and materials	13,100	13,100	8,970	4,130
Property	3,500	3,500	2,323	1,177
Other	2,500	2,500	1,852	648
Total school administration	1,302,373	1,302,373	1,347,503	(45,130)
Business services				
Salaries	85,769	85,769	97,855	(12,086)
Employee benefits	54,092	54,092	41,346	12,746
Purchased services	27,500	27,500	16,611	10,889
Total business services	167,361	167,361	155,812	11,549
Operations and maintenance				
Salaries	707,370	707,370	686,762	20,608
Employee benefits	343,356	343,356	336,820	6,536
Purchased services	576,248	576,248	800,803	(224,555)
Supplies and materials	653,750	653,750	917,408	(263,658)
Property	368,900	368,900	83,533	285,367
Total operations and maintenance	2,649,624	2,649,624	2,825,326	(175,702)
Student transportation				
Salaries	351,991	351,991	284,915	67,076
Employee benefits	229,368	229,368	127,996	101,372
Purchased services	62,907	62,907	46,665	16,242
Supplies and materials	115,000	115,000	140,372	(25,372)
Property	104,000	104,000	158,334	(54,334)
Total student transportation	863,266	863,266	758,282	104,984

(Continued)

**BRUSH SCHOOL DISTRICT NO. RE-2(J)**  
**General Fund**  
**Budgetary Comparison Schedule - Expenditures**  
**For the Year Ended June 30, 2023**

(Continued)

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Central support				
Salaries	246,960	246,960	228,319	18,641
Employee benefits	140,862	140,862	146,840	(5,978)
Purchased services	407,778	407,778	322,045	85,733
Supplies and materials	30,000	30,000	85,171	(55,171)
Property	170,000	170,000	348,297	(178,297)
Total central support	995,600	995,600	1,130,672	(135,072)
Total supporting services	8,520,794	8,520,794	8,510,056	10,738
Capital outlay				
Facilities acquisition				
Property			99,205	(99,205)
Total capital outlay	-	-	99,205	(99,205)
Debt service				
Principal			9,645	(9,645)
Total debt service	-	-	9,645	(9,645)
Total expenditures	<u>\$ 18,134,853</u>	<u>\$ 18,384,853</u>	<u>\$ 19,177,589</u>	<u>\$ (792,736)</u>

**Combining Statements and Budgetary Comparison Schedules –  
Nonmajor Governmental Funds**

The District reports the following nonmajor governmental funds:

Special Revenue Funds – These funds account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

- Food Service Fund – This fund is used to account for the financial transactions related to food service operations.
- Pupil Activity Fund – This fund is used to record transactions related to school-sponsored pupil organizations and activities.
- Head Start Fund – This fund is used to account for expenditures related to the Head Start Program.
- Scholarship Fund – This fund is used to record the financial transactions related to contributions and earnings that are used to award scholarships to area students.
- Child Care Center Fund – This fund is used to account for the financial activities associated with the District’s child care center operations.

**BRUSH SCHOOL DISTRICT NO. RE-2(J)**  
**Nonmajor Governmental Funds**  
**Combining Balance Sheet**  
**June 30, 2023**

	Food Service	Pupil Activity	Head Start	Scholarship
<b>Assets</b>				
Cash	\$ 958,110	\$ 360,739	\$ 65	\$ 213,664
Certificates of deposit		42,988		24,926
Due from other funds				3,050
Grants receivables	93,554		151,543	
Other receivables	1,326	3,730		
Inventory	24,022			
<b>Total assets</b>	<b>\$ 1,077,012</b>	<b>\$ 407,457</b>	<b>\$ 151,608</b>	<b>\$ 241,640</b>
<b>Liabilities</b>				
Due to other funds	\$ 14,741	\$ 124		
Accounts payable	28,415		\$ 2,782	
Accrued salaries and benefits	7,085		148,826	
Payroll withholdings				
Unearned revenues	21,176			
Unearned grant revenues				
<b>Total liabilities</b>	<b>71,417</b>	<b>124</b>	<b>151,608</b>	<b>\$ -</b>
<b>Fund balance</b>				
Nonspendable for inventory	24,022			
Restricted for food service	981,573			
Restricted for scholarships				241,640
Committed to pupil activities		407,333		
Committed to child care activities				
<b>Total fund balance</b>	<b>1,005,595</b>	<b>407,333</b>	<b>-</b>	<b>241,640</b>
<b>Total liabilities and fund balance</b>	<b>\$ 1,077,012</b>	<b>\$ 407,457</b>	<b>\$ 151,608</b>	<b>\$ 241,640</b>

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Child Care Center	Totals
	\$ 1,532,578
	67,914
\$ 76,361	79,411
	245,097
15,737	20,793
	24,022
<u>\$ 92,098</u>	<u>\$ 1,969,815</u>
	\$ 14,865
	31,197
\$ 43,002	198,913
1,883	1,883
5,535	26,711
11,025	11,025
61,445	284,594
	24,022
	981,573
	241,640
	407,333
30,653	30,653
30,653	1,685,221
<u>\$ 92,098</u>	<u>\$ 1,969,815</u>

**BRUSH SCHOOL DISTRICT NO. RE-2(J)**  
**Nonmajor Governmental Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balance**  
**For the Year Ended June 30, 2023**

	Food Service	Pupil Activity	Head Start	Scholarship
Revenues				
Local sources	\$ 247,485	\$ 524,059	\$ 9	\$ 176,852
State sources	17,521			
Federal sources	795,172		846,199	
Total revenues	1,060,178	524,059	846,208	176,852
Expenditures				
Instruction		501,609		124,750
Supporting services	1,030,435		846,208	
Total expenditures	1,030,435	501,609	846,208	124,750
Net change in fund balance	29,743	22,450	-	52,102
Fund balance at beginning of year	975,852	384,883	-	189,538
Fund balance at end of year	<u>\$ 1,005,595</u>	<u>\$ 407,333</u>	<u>\$ -</u>	<u>\$ 241,640</u>

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Child Care Center	Totals
\$ 456,068	\$ 1,404,473
	17,521
63,196	1,704,567
519,264	3,126,561
40,535	666,894
448,076	2,324,719
488,611	2,991,613
30,653	134,948
-	1,550,273
\$ 30,653	\$ 1,685,221

**BRUSH SCHOOL DISTRICT NO. RE-2(J)**  
**Food Service Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2023**

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Local sources	\$ 216,800	\$ 216,800	\$ 247,485	\$ 30,685
State sources	16,471	16,471	17,521	1,050
Federal sources	695,887	695,887	795,172	99,285
Total revenues	929,158	929,158	1,060,178	131,020
Expenditures				
Supporting services				
Salaries	35,000	35,000	29,001	5,999
Employee benefits	15,000	15,000	13,756	1,244
Purchased services	319,691	319,691	410,964	(91,273)
Supplies and materials	519,467	519,467	491,670	27,797
Property	35,000	35,000	77,329	(42,329)
Other			7,715	(7,715)
Total expenditures	924,158	924,158	1,030,435	(106,277)
Net change in fund balance	\$ 5,000	\$ 5,000	29,743	\$ 24,743
Fund balance at beginning of year			975,852	
Fund balance at end of year			\$ 1,005,595	

**BRUSH SCHOOL DISTRICT NO. RE-2(J)**  
**Pupil Activity Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2023**

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Local sources				
Fundraising and other events	\$ 550,000	\$ 550,000	\$ 524,059	\$ (25,941)
Total revenues	550,000	550,000	524,059	(25,941)
Expenditures				
Instruction				
Purchased services			744	(744)
Supplies and materials			261,736	(261,736)
Other	550,000	550,000	239,129	310,871
Total expenditures	550,000	550,000	501,609	48,391
Net change in fund balance	\$ -	\$ -	22,450	\$ 22,450
Fund balance at beginning of year			384,883	
Fund balance at end of year			\$ 407,333	

**BRUSH SCHOOL DISTRICT NO. RE-2(J)**  
**Head Start Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2023**

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Local sources			\$ 9	\$ 9
Federal sources	\$ 784,705	\$ 784,705	846,199	61,494
Total revenues	784,705	784,705	846,208	61,503
Expenditures				
Supporting services				
Salaries	480,600	480,600	532,940	(52,340)
Employee benefits	268,049	268,049	239,043	29,006
Purchased services	34,056	34,056	14,256	19,800
Supplies and materials	2,000	2,000	59,969	(57,969)
Total expenditures	784,705	784,705	846,208	(61,503)
Net change in fund balance	\$ -	\$ -	-	\$ -
Fund balance at beginning of year			-	
Fund balance at end of year			\$ -	

**BRUSH SCHOOL DISTRICT NO. RE-2(J)**  
**Scholarship Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2023**

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Local sources	\$ 133,000	\$ 138,000	\$ 176,852	\$ 38,852
Total revenues	133,000	138,000	176,852	38,852
Expenditures				
Instruction				
Scholarship awards	133,000	138,000	124,750	13,250
Total expenditures	133,000	138,000	124,750	13,250
Change in net position	\$ -	\$ -	52,102	\$ 52,102
Fund balance at beginning of year			189,538	
Fund balance at end of year			\$ 241,640	

**BRUSH SCHOOL DISTRICT NO. RE-2(J)**  
**Child Care Center Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2023**

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Local sources	\$ 350,000	\$ 440,000	\$ 456,068	\$ 16,068
Federal sources			63,196	63,196
Total revenues	350,000	440,000	519,264	79,264
Expenditures				
Instruction				
Supplies	35,000	35,000	40,535	5,535
Supporting services				
Salaries	215,000	305,000	314,726	(9,726)
Employee benefits	100,000	100,000	133,311	(33,311)
Supplies and materials			39	(39)
Total supporting services	315,000	405,000	448,076	(43,076)
Total expenditures	350,000	440,000	488,611	(37,541)
Net change in fund balance	\$ -	\$ -	30,653	\$ 30,653
Fund balance at beginning of year			-	
Fund balance at end of year			\$ 30,653	

## **Budgetary Comparison Schedule – Debt Service Fund**

The District reports the following major debt service fund:

Debt Service Fund – These funds account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

- Bond Redemption Fund – This fund is a debt service fund used to account for the revenues from a specific tax levy for the purpose of the repayment of debt principal, interest and other fiscal charges.

**BRUSH SCHOOL DISTRICT NO. RE-2(J)**  
**Bond Redemption Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2023**

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Local sources				
Property taxes	\$ 3,164,092	\$ 3,164,092	\$ 3,213,381	\$ 49,289
Delinquent taxes and interest			2,937	2,937
Interest on investments	6,000	6,000	111,480	105,480
Total local sources	3,170,092	3,170,092	3,327,798	157,706
Intermediate sources			798	798
Total revenues	3,170,092	3,170,092	3,328,596	158,504
Expenditures				
Debt service				
Principal retirement	1,630,004	1,630,004	1,585,084	44,920
Interest and fiscal charges	1,185,737	1,185,737	1,163,277	22,460
Total expenditures	2,815,741	2,815,741	2,748,361	67,380
Net change in fund balance	\$ 354,351	\$ 354,351	580,235	\$ 225,884
Fund balance at beginning of year			3,809,686	
Fund balance at end of year			\$ 4,389,921	

### **Budgetary Comparison Schedule - Fiduciary Fund**

These funds focus on net position and changes in net position. The fiduciary fund category is split into four classifications: pension (and other employee benefit) trust funds, investment trust funds, private-purpose trust funds and custodial funds.

Private-purpose trust funds – These funds are used to report trust arrangements under which principal and income benefit individuals, private organizations, or other governments.

- Scholarship Trust Fund – This fund is used to record the financial transactions related to the administration of a scholarship trust that is used to award scholarships to area students.

**BRUSH SCHOOL DISTRICT NO. RE-2(J)**  
**Scholarship Trust Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2023**

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Contributions	\$ 2,000	\$ 2,000	\$ 850	\$ (1,150)
Total revenues	2,000	2,000	850	(1,150)
Expenditures				
Scholarship awards	2,000	2,000	2,000	-
Total expenditures	2,000	2,000	2,000	-
Excess of revenues over (under) expenditures	\$ -	\$ -	(1,150)	\$ (1,150)
Net position at beginning of year			232,723	
Net position at end of year			\$ 231,573	

## **Single Audit Section**

The Single Audit Section contains the following:

- Schedule of Expenditures of Federal Awards
- Notes to Schedule of Expenditures of Federal Awards
- Independent Auditors' 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*
- Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance
- Schedule of Findings and Questioned Costs

**BRUSH SCHOOL DISTRICT NO. RE-2(J)**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2023**

Federal Grantor / Pass-through Grantor / Program or Cluster Title	Federal AL Number	Pass-through Entity Identifying Number	Federal Expenditures
<b>U.S. Department of Agriculture</b>			
Child Nutrition Cluster			
Pass-through program from:			
Colorado Department of Human Services			
National School Lunch Program - Commodities	10.555	4555	\$ 44,191
Colorado Department of Education			
School Breakfast Program	10.553	4553	143,249
National School Lunch Program	10.555	4555	378,545
National School Lunch Program	10.555	6555	39,369
Summer Food Service Program for Children	10.559	4559	75,193
Fresh Fruit and Vegetable Program	10.582	4582	34,909
 Total AL Number 10.555			 462,105
 Total Child Nutrition Cluster			 715,456
Pass-through programs from:			
Colorado Department of Public Health and Environment			
Child and Adult Care Food Program	10.558	4558	79,716
Colorado Department of Education			
Pandemic EBT Administrative Costs	10.649	4649	1,281
 Total U.S. Department of Agriculture			 796,453
<b>U.S. Department of Education</b>			
Pass-through programs from:			
Colorado Department of Education			
COVID-19 Education Stabilization Fund	84.425D	4420	40,873
COVID-19 Education Stabilization Fund	84.425U	4414	671,826
COVID-19 Education Stabilization Fund	84.425U	4418	43,947
 Total AL Number 84.425U			 715,773
State Board of Community Colleges			
Career and Technical Education - Basic Grants to States	84.048	4048	4,442
 Total U.S. Department of Education			 761,088

See accompanying Notes to Schedule of Expenditures of Federal Awards.

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<u>Federal Grantor / Pass-through Grantor / Program or Cluster Title</u>	<u>Federal AL Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Federal Expenditures</u>
<b>U.S. Department of Health and Human Services</b>			
CCDF Cluster			
Pass-through programs from:			
Colorado Department of Human Services Child Care and Development Block Grant	93.575	7575	<u>63,196</u>
Total CCDF Cluster			63,196
Head Start Cluster			
Head Start	93.600	N/A	<u>846,199</u>
Total Head Start Cluster			<u>846,199</u>
Total U.S. Department of Health and Human Services			<u>909,395</u>
Total expenditures of federal awards			<u>\$ 2,466,936</u>

**BRUSH SCHOOL DISTRICT NO. RE-2(J)**  
**Notes to Schedule of Expenditures of Federal Awards**

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**Note A – Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Brush School District No. RE-2(J) under programs of the federal government for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR), *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Brush School District No. RE-2(J), it is not intended to and does not present the financial position, changes in net position, or cash flows of Brush School District No. RE-2(J).

**Note B – Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of, the financial statement(s) of the federal program. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**Note C – Indirect Cost Rate**

Brush School District No. RE-2(J) has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

**Note D – Subrecipients**

Brush School District No. RE-2(J) did not pass through any federal grants to subrecipients.

**Note E – Nonmonetary Assistance**

Federal nonmonetary assistance is reported in the Schedule at fair value of the items received and disbursed during the year. Brush School District No. RE-2(J) received nonmonetary assistance for the year as follows:

AL No. 10.555	National School Lunch Program	\$ <u>44,191</u>
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**Independent Auditors' Report on Internal Control over Financial Reporting and on  
Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards***

Board of Education  
Brush School District No. RE-2(J)  
Brush, Colorado

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 Brush School District No. RE-2(J) (the District), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated February 12, 2024.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (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 the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District'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 been identified.

## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed 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.

*Lauer, Szabo & Associates, P.C.*

Sterling, Colorado  
February 12, 2024



**Independent Auditors' Report on Compliance for Each Major Program  
and on Internal Control Over Compliance Required by the Uniform Guidance**

Board of Education  
Brush School District No. RE-2(J)  
Brush, Colorado

**Report on Compliance of Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited the Brush School District No. RE-2(J)'s (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2023. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District 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, 2023.

**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 Auditors' Responsibilities for the Audit of Compliance section of our report.

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

**Responsibilities of Management for Compliance**

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

## **Auditors' Responsibilities for the Audit of Compliance**

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 judgement made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

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

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

## **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 Auditors' 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 define 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 in 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.

*Lauer, Szabo & Associates, P.C.*

Sterling, Colorado  
February 12, 2024

**BRUSH SCHOOL DISTRICT NO. RE-2(J)**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2023**

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**Summary of audit results**

1. The auditors' report expresses an unmodified opinion on the basic financial statements of the Brush School District No. RE-2(J) (the District).
2. No significant deficiencies relating to the audit of the basic financial statements are reported in the Independent Auditors' 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*.
3. No instances of noncompliance material to the basic financial statements of the District were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award programs are reported in the Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance.
5. The auditors' report on compliance for the major federal award programs for the District expresses an unmodified opinion on all major federal programs.
6. The audit did not disclose any findings relative to the major federal award programs of the District.
7. The program tested as major was:

Child Nutrition Cluster	AL Nos. 10.553, 10.555, 10.559 and 10.582
Educational Stabilization Fund	AL Nos. 84.425D and 84.425U
8. The threshold for distinguishing Type A and B programs was \$750,000.
9. The District qualified as a low-risk auditee.

**Findings – Financial statement audit**

We noted no findings that are required to be reported under *Government Auditing Standards*.

**Findings and Questioned Costs**

We noted no findings or questioned costs that are required to be reported in accordance with the Uniform Guidance.

**Prior year findings**

There were no findings or questioned costs reported for the year ended June 30, 2022.

**Colorado Department of Education  
Supplementary Schedule**

Auditors' integrity report – This fiscal-year report is required by the Colorado Department of Education to maintain statewide consistency in financial reporting. This report is also used to gather financial data that could affect future state funding.



**Colorado Department of Education**  
**Auditors Integrity Report**  
 District: 2395 - Brush RE-Z0  
 Fiscal Year 2022-23  
 Colorado School District/BOCES

Fund Type & Number	Beg Fund Balance & Prior Per Adj (6880*)	+	1000 - 5999 Total Revenues & Other Sources	0001-0999 Total Expenditures & Other Uses	=	6700-6799 & Prior Per Adj (6880*) Ending Fund Balance
<b>Governmental</b>						
10 General Fund	10,451,821		19,184,801	19,177,589		10,459,033
18 Risk Mgmt Sub-Fund of General Fund	0		0	0		0
19 Colorado Preschool Program Fund	0		0	0		0
<b>Sub-Total</b>	<b>10,451,821</b>		<b>19,184,801</b>	<b>19,177,589</b>		<b>10,459,033</b>
11 Charter School Fund	0		0	0		0
20-26-29 Special Revenue Fund	189,538		1,542,323	1,459,568		272,292
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	975,852		1,060,179	1,030,435		1,005,595
22 Govt Designated-Purpose Grants Fund	0		339,905	339,905		0
23 Pupil Activity Special Revenue Fund	384,883		524,060	501,609		407,333
25 Transportation Fund	0		0	0		0
31 Bond Redemption Fund	3,809,686		3,328,596	2,748,361		4,389,921
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	0		0	0		0
46 Supplemental Cap Const. Tech. Main Fund	0		0	0		0
<b>Totals</b>	<b>15,811,780</b>		<b>25,979,863</b>	<b>25,257,469</b>		<b>16,534,174</b>
<b>Proprietary</b>						
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
<b>Totals</b>	<b>0</b>		<b>0</b>	<b>0</b>		<b>0</b>
<b>Fiduciary</b>						
70 Other Trust and Agency Funds	0		0	0		0
72 Private Purpose Trust Fund	232,723		850	2,000		231,573
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
<b>Totals</b>	<b>232,723</b>		<b>850</b>	<b>2,000</b>		<b>231,573</b>

FINAL