

Deer Trail School District No. 26-J
Deer Trail, Colorado

Financial Statements

For the Year Ended June 30, 2024

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Independent Auditors' Report

Board of Education
Deer Trail School District No. 26-J
Deer Trail, Colorado

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Deer Trail School District No. 26-J (the District), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the 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, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 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 the audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires 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 and the auditors' integrity report listed in the table of contents is 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 and the auditors' integrity report are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Lauer, Szabo & Associates, P.C.

Sterling, Colorado
October 26, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Deer Trail School District 26J, we offer readers of Deer Trail School District 26J (the District) financial statements this narrative overview and analysis of the financial activities of Deer Trail School District 26J for the fiscal year ended June 30, 2024.

Financial Highlights

- The assets and deferred outflows of resources of Deer Trail School District 26J exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$27,552,974.
- Deer Trail School District 26J's total net position decreased by \$452,361.
- As of the close of the current fiscal year, Deer Trail School District 26J's governmental funds reported a combined ending fund balance of \$5,899,710.

Overview of the Financial Statements

Management's discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The basic financial statements presented are comprised of three components: 1) Government-wide financial statements, 2) Fund financial statements, and 3) Notes to the basic financial statements. This report also contains supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

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

The statement of net position presents information on all of the District's assets and liabilities, with the difference between the two 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 26J is improving or deteriorating.

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

The government-wide statement of activities distinguishes functions/programs of Deer Trail School District 26J supported primarily by Per Pupil Operating Revenue. The governmental activities of Deer Trail School District 26J include instruction and supporting services.

The government-wide financial statements can be found on pages 10-13 of this report.

Fund Financial Statements

Fund financial statements are designed to demonstrate compliance with finance-related legal requirements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District has one type of fund: governmental funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide statements, governmental fund financial statements focus on near-term financial resources and fund balances (which are spendable resources available at the end of the fiscal year). Such information may be useful in evaluating the District's near-term financial 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 government-wide financial statements. By doing so, the 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 revenue, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District has used six Governmental Funds in the past. They are the General Fund, which is the largest fund, encompassing most of the District's revenues and expenditures. The Special Revenue Funds include the Food Service and Pupil Activity Funds, the Debt Service Fund includes the Bond Redemption Fund, and the Capital Projects Funds include the Building Fund and the Capital Reserve Capital Projects Fund.

The basic governmental fund financial statements can be found on pages 14-17 of this report.

The District adopts an annual appropriated budget for each of the individual governmental funds. A budgetary comparison schedule for the General Fund, Food Service Fund, Pupil Activity Fund, Capital Reserve Capital Projects Fund, Bond Redemption Fund and the Building Fund are included on pages 54, 76, 77, 78, 80 and 82 of this report to demonstrate compliance with the adopted budget.

Government-Wide Financial Analysis

The District had a decrease in net position from Governmental Activities of \$452,361 for the year.

**Deer Trail School District 26J's Statement of Net Position
Two-Year Comparison**

	As of June 30, 2023	As of June 30, 2024
	Governmental Activities	Governmental Activities
Current Assets	5,759,023	6,289,680
Capital Assets	<u>32,672,538</u>	<u>32,080,890</u>
Total Assets	38,431,561	38,370,570
Deferred outflows of resources	<u>989,023</u>	<u>1,620,482</u>
Total assets and deferred outflows	<u>39,420,584</u>	<u>39,991,052</u>
Current Liabilities	266,365	401,396
Long-Term Liabilities	<u>10,549,912</u>	<u>11,760,094</u>
Total Liabilities	10,816,277	12,161,490
Deferred inflows of resources	598,972	276,588
Net investment in capital assets	26,460,735	26,195,339
Restricted	1,200,697	1,113,204
Unrestricted	<u>343,903</u>	<u>244,431</u>
Total Net Position	<u>28,005,335</u>	<u>27,552,974</u>
Total liabilities, deferred inflows and net position	<u>39,420,584</u>	<u>39,991,052</u>

**Deer Trail School District 26J's Changes in Net Position
Two-Year Comparison**

	As of June 30, 2023	As of June 30, 2024
	Governmental Activities	Governmental Activities
Revenues:		
Program Revenues:		
Charges for Services	43,177	17,896
Operating Grants and Contributions	1,038,824	857,436
Capital Grants	-	-
General Revenues:		
Tax Revenues	2,096,546	2,061,347
Unrestricted State Aid	2,574,380	3,338,700
Investment Earnings	108,301	258,863
Other Revenues	<u>160,009</u>	<u>158,266</u>
Total Revenues	<u>6,021,237</u>	<u>6,692,508</u>
Expenses:		
Governmental Activities:		
Instructional Programs	2,449,337	3,465,091
Supporting Services	2,340,375	2,580,270
Depreciation	904,845	906,219
Interest-Long term debt	<u>198,748</u>	<u>193,289</u>
Total Expenses	<u>5,893,305</u>	<u>7,144,869</u>
Change in Net Position	127,932	(452,361)
Beginning Net Position	<u>27,877,403</u>	<u>28,005,335</u>
Ending Net Position	<u>28,005,335</u>	<u>27,552,974</u>

Fund Level Financial Analysis

The District uses fund accounting to ensure and demonstrate compliance with finance-related legal, federal and state requirements. The General Fund is the largest of the District's funds. The fund balance at the beginning of the 2023-2024 fiscal year was \$4,286,448. The ending fund balance for 2023-2024 of \$4,819,206 reflects a fund balance increase of \$532,758.

General Fund Budgetary Highlights

The District Board adopted the 2023-2024 Budget on June 15, 2023. A revised budget and an appropriation resolution for \$11,957,642 were adopted on December 11, 2023. The adoption of the budget and the revised budget appear to be within the deadlines established by Colorado statute for school districts.

The detail of the adopted/appropriated amounts is included in the table below:

<u>Fund</u>	<u>Revised 12/11/23</u>
General Fund	\$ 9,767,528
Food Service Fund	270,189
Bond Redemption Fund	1,022,947
Building Fund	576,636
Capital Reserve Capital Projects Fund	154,798
Pupil Activity Fund	<u>165,544</u>
Total Appropriation	<u>\$ 11,957,642</u>

Capital Assets

The District completed construction on a new school facility in the 2019-20 school year. The District reported net capital assets of \$32,080,890 in its governmental activities.

Long-Term Debt

At year-end, the School District's long-term debt of \$5,999,475 represented its compensated absences of \$113,924, bonds payable of \$5,215,000, and bond premium of \$670,551.

Economic Consideration and Next Year's Budget

Deer Trail 26J's adopted budget focuses on "academic excellence" for all students in combination with fiscal stability in all conditions. The economic recovery within the state and Arapahoe County remains on an upward trend. However, this growth is setback by increased Federal spending that has caused inflation. With historically high inflation increasing costs for everyday goods such as food and gasoline, the pinch on household budgets is broadly felt, affecting DT26J households severely. Combine inflation with discontinued national oil production and you have negated any growth in wages from the employment recovery and salary increases. Supply chain demands have continued to plague local, state and national trends as the new normal is not a full recovery of any sorts. A monetary policy response is needed to address inflation as investors and businesses sit on the sidelines biding their time.

Of the nine economic regions identified in Colorado, the seven-county metro Denver region, that includes DT26J, holds the largest share of the state's population, representing more than 60 percent of the state's workers. Reflecting ongoing elevated demand and low inventories, area home prices continue to soar alongside residential construction activity.

Current enrollment trends and forecasting continue to be monitored as students in the elementary, middle and high school continue to enroll at each grade level. Current and future housing within the school district and surrounding area is a factor of growth in and across the school district. This past 2023-24 school year was an academic challenge for our students, staff and parent community.

DT26J's budgetary focus is fiscal stability in combination with managing and maintaining our facility and modular additions. The continued growth of our district allows DT26J to draw and attract new students. This year, as most of the state's school districts have found out, finding certified teachers is a challenge for our school district. Our BOE is reviewing and revising their strategic plan to support this student growth and facility upkeep. We have separated our elementary school into two sections for each grade level. One of our focus points is smaller class sizes for improved academic achievement. We will continue reviewing the state's financial conditions, adjacent school districts salaries, our student services, teacher housing along with the rising cost of health insurance including liability and maintenance costs which is all considered for budget preparation.

DT26J Board of Education, Administration & Staff continue to set goals & monitor progress toward the following: (1) District Budget (2) Maintenance & Operations (3) DT26J Graduates (4) Human Resources (5) Community Engagement

Request for Information

This financial report is designed to provide a general overview of Deer Trail School District 26J's finances for all those with an interest in the School's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Deer Trail School District 26J, P.O. Box 129, Deer Trail, Colorado 80105.

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.

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.

DEER TRAIL SCHOOL DISTRICT NO. 26-J
Statement of Net Position
June 30, 2024

	Governmental Activities
Assets	
Cash	\$ 4,286,459
Cash with fiscal agent	477,327
Investments	1,397,701
Receivables	105,976
Prepaid items	21,750
Inventory	467
Capital assets, net of depreciation	<u>32,080,890</u>
Total assets	38,370,570
Deferred outflows of resources	
Pension deferrals	1,579,396
Other post-employment benefit deferrals	<u>41,086</u>
Total deferred outflows of resources	<u>1,620,482</u>
Total assets and deferred outflows of resources	<u>\$ 39,991,052</u>
Liabilities	
Accounts payable	\$ 64,235
Accrued salaries and benefits	295,088
Unearned revenues	1,879
Unearned grant revenues	20,006
Accrued interest payable	20,188
Noncurrent liabilities	
Due within one year	280,000
Due in more than one year	5,719,475
Net pension liability	5,624,803
Net other post-employment benefit liability	<u>135,816</u>
Total liabilities	12,161,490
Deferred inflows of resources	
Pension deferrals	236,198
Other post-employment benefit deferrals	<u>40,390</u>
Total deferred inflows of resources	276,588
Net position	
Net investment in capital assets	26,195,339
Restricted for emergencies	175,000
Restricted for universal preschool	276
Restricted for food service operations	18,669
Restricted for debt service	493,963
Restricted for capital projects	425,296
Unrestricted	<u>244,431</u>
Total net position	<u>27,552,974</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 39,991,052</u>

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

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DEER TRAIL SCHOOL DISTRICT NO. 26-J
Statement of Activities
For the Year Ended June 30, 2024

	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities				
Instruction	\$ 3,465,091	\$ 14,387	\$ 518,648	
Supporting services				
Students	236,721		23,986	
Instructional staff	158,075		128,786	
General administration	323,123			
School administration	346,873			
Business services	119,516			
Operations and maintenance	713,106			
Student transportation	241,138		37,946	
Central support services	211,970			
Other support services	846			
Food service operations	228,902	3,509	148,070	
Unallocated depreciation *	906,219			
Interest on long-term obligations	193,289			
Total primary government	<u>\$ 7,144,869</u>	<u>\$ 17,896</u>	<u>\$ 857,436</u>	<u>\$ -</u>

General revenues
 Taxes
 Property taxes, levied for general purposes
 Property taxes, levied for debt service
 Specific ownership taxes
 Delinquent taxes and interest
 Other taxes
 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.

Net (Expenses)
Revenues and
Change in
Net Position

Total
Governmental
Activities

\$ (2,932,056)

(212,735)

(29,289)

(323,123)

(346,873)

(119,516)

(713,106)

(203,192)

(211,970)

(846)

(77,323)

(906,219)

(193,289)

(6,269,537)

1,409,926

529,821

117,886

2,028

1,686

3,338,700

258,863

158,266

5,817,176

(452,361)

28,005,335

\$ 27,552,974

DEER TRAIL SCHOOL DISTRICT NO. 26-J
Balance Sheet
Governmental Funds
June 30, 2024

	General Fund	Bond Redemption Fund	Building Fund	Other Governmental Funds
Assets				
Cash	\$ 3,998,188		\$ 119,746	\$ 168,525
Cash with fiscal agent	10,735	\$ 466,592		
Investments	1,092,151		305,550	
Due from other funds		19,371		
Property taxes receivable	27,064	9,698		
Grants receivable	49,428			
Other receivables	18,970			816
Inventories				467
Prepaid items	21,750			
Total assets	\$ 5,218,286	\$ 495,661	\$ 425,296	\$ 169,808
Liabilities				
Accounts payable	\$ 57,551			\$ 6,684
Accrued salaries and benefits	295,088			
Due to other funds	19,371			
Unearned grant revenue	20,006			
Unearned revenue				1,879
Total liabilities	392,016	\$ -	\$ -	8,563
Deferred inflows of resources				
Deferred property tax revenues	7,064	1,698		
Total deferred inflows of resources	7,064	1,698	-	-
Fund balance				
Nonspendable prepaid items	21,750			
Nonspendable inventories				467
Restricted to emergencies	175,000			
Restricted to universal preschool	276			
Restricted to food service				18,202
Restricted to debt service		493,963		
Restricted to capital projects			425,296	
Committed pupil activities				65,446
Committed for capital projects				77,130
Unassigned	4,622,180			
Total fund balance	4,819,206	493,963	425,296	161,245
Total liabilities, deferred inflows of resources and fund balance	\$ 5,218,286	\$ 495,661	\$ 425,296	\$ 169,808

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

Total Governmental Funds		
	Amounts reported for governmental activities in the statement of net position are different because:	
\$ 4,286,459		
477,327		
1,397,701	Total fund balance - governmental funds	\$ 5,899,710
19,371		
36,762	Capital assets used in governmental activities are not financial resources and therefore, are not reported as assets in the governmental funds.	32,080,890
49,428		
19,786	Property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures, and therefore, are deferred in the funds.	8,762
467		
21,750		
<u>\$ 6,309,051</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.	(20,188)
\$ 64,235		
295,088	Long-term liabilities and related deferred outflows and inflows of resources, including bonds payable, compensated absences and net pension and OPEB liabilities, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.	(10,416,200)
19,371		
20,006		
1,879		
<u>400,579</u>		
	Net position of the governmental activities	<u>\$ 27,552,974</u>
8,762		
<u>8,762</u>		
21,750		
467		
175,000		
276		
18,202		
493,963		
425,296		
65,446		
77,130		
4,622,180		
<u>5,899,710</u>		
<u>\$ 6,309,051</u>		

DEER TRAIL SCHOOL DISTRICT NO. 26-J
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2024

	General Fund	Bond Redemption Fund	Building Fund	Other Governmental Funds
Revenues				
Local sources	\$ 1,833,313	\$ 544,994	\$ 19,873	\$ 104,243
Intermediate sources	22,000			
State sources	3,827,641			42,474
Federal sources	208,880			105,596
Total revenues	5,891,834	544,994	19,873	252,313
Expenditures				
Instruction	2,947,680			98,270
Supporting services	2,278,019			228,172
Capital outlay	8,498		156,213	77,439
Debt service				
Principal retirement		275,000		
Interest and fiscal charges		245,000		
Total expenditures	5,234,197	520,000	156,213	403,881
Excess of revenues over (under) expenditures	657,637	24,994	(136,340)	(151,568)
Other financing sources (uses)				
Transfers in				124,879
Transfers out	(124,879)			
Total other financing sources (uses)	(124,879)	-	-	124,879
Net change in fund balance	532,758	24,994	(136,340)	(26,689)
Fund balance at beginning of year	4,286,448	468,969	561,636	187,934
Fund balance at end of year	\$ 4,819,206	\$ 493,963	\$ 425,296	\$ 161,245

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

Total Governmental Funds		
\$ 2,502,423	Amounts reported for governmental activities in the statement of activities are different because:	
22,000		
3,870,115		
314,476		
<u>6,709,014</u>		
3,045,950	Net change in fund balances - governmental funds	\$ 394,723
2,506,191	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.	(555,819)
242,150		
275,000	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.	445
245,000		
<u>6,314,291</u>		
394,723	In the statement of activities, certain expenses related to the pension and OPEB liabilities and related deferred outflows and inflows, as well as accrued compensated absences and interest - are measured by the amounts 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).	(530,881)
124,879		
(124,879)	In the statement of activities, the net loss on the disposal of capital assets is reported, whereas in the governmental funds, the proceeds from the disposal increases financial resources. Thus, the change in net position differs from the change in fund balance by the net book value of the capital assets disposed of.	(35,829)
<u>-</u>		
394,723	Repayment of principal on bonds payable are expenditures in the governmental funds, but the repayment reduces the long-term liabilities in the statement of net position	275,000
5,504,987		
<u>\$ 5,899,710</u>	Change in net position of governmental activities	<u>\$ (452,361)</u>

DEER TRAIL SCHOOL DISTRICT NO. 26-J
Notes to Financial Statements

Note A – Summary of significant accounting policies

This summary of the Deer Trail School District No. 26-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 Deer Trail School District No. 26-J is a school district governed by an elected five-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 or fiduciary 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:

DEER TRAIL SCHOOL DISTRICT NO. 26-J
Notes to Financial Statements

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.

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.

Building Fund – This fund is a capital projects fund used to account for the revenues from a bond issuance and BEST grant funds for the purpose of the acquisition or construction of major capital facilities.

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 activities associated with the District’s food service operations.

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

Capital Reserve Capital Projects Fund – This fund is a capital projects fund used to account for and report financial resources that have been designated for capital outlays acquisition or construction of major capital facilities and other capital assets.

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.

DEER TRAIL SCHOOL DISTRICT NO. 26-J
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

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.

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.

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.

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.

DEER TRAIL SCHOOL DISTRICT NO. 26-J
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

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.

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.

DEER TRAIL SCHOOL DISTRICT NO. 26-J
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

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.

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:

DEER TRAIL SCHOOL DISTRICT NO. 26-J
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

<u>Description</u>	<u>Governmental Activities</u>
Buildings and improvements	3-30 years
Transportation equipment	7-10 years
Other equipment	3-20 years

A.9 – Compensated absences

The Board of Education recognizes that there may be times when an employee is unable to fulfill the duties of his/her position. Therefore, paid time off (PTO) is provided for full-time employees in accordance with District policy.

All full-time certified employees shall be granted six leave days per year, which may be accumulated up to thirty days total. Upon termination of employment, certified staff will be paid \$200 per day for unused sick leave accumulated.

All full-time classified employees shall be granted six leave days per year, which may be accumulated up to thirty days total. Upon termination of employment, classified staff will be paid \$75 per day for unused sick leave. All full-time classified employees who work year-round shall also be granted nine leave days per year, which may be accumulated up to thirty days total. Upon termination of employment, classified staff will be paid \$100 per day for unused sick leave.

The entire compensated absences 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 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 amounts recorded as liabilities for all applicable compensated absences include salary-related payments associated with the payment of the 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.

DEER TRAIL SCHOOL DISTRICT NO. 26-J
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

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 resources. Capital lease obligation 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.

A.11 – Fund balance

The Governmental Accounting Standards Board (GASB) has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54). This Statement defines the different type 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).

DEER TRAIL SCHOOL DISTRICT NO. 26-J
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

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.

A.12 – Net position

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position are 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

DEER TRAIL SCHOOL DISTRICT NO. 26-J
Notes to Financial Statements

Note B – Cash and investments (Continued)

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.

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 \$4,396,158, of which \$250,000 was insured and \$4,146,158 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, 2024, the District had invested \$1,397,701 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.

DEER TRAIL SCHOOL DISTRICT NO. 26-J
Notes to Financial Statements

Note B – Cash and investments (Continued)

At year-end, the District had the following investments:

<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>\$ 1,397,701</u>	<u>\$ 1,397,701</u>	<u>\$ -</u>	<u>\$ -</u>

The investment in Colotrust is maintained in the General and Building Funds.

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, Fitch Ratings and Moody’s Investors Service.

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

Note C – Receivables

Receivables at year-end consist of the following:

	<u>Governmental Activities</u>
Property taxes receivable	\$ 36,762
Grants receivable	49,428
Other receivable	<u>19,786</u>
Total	<u>\$ 105,976</u>

Property taxes are levied on December 15th and attach as a lien on property the following January 1st. They are payable in full by April 30th or are due in two equal installments on February 28th and June 15th. Adams and Arapahoe 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.

DEER TRAIL SCHOOL DISTRICT NO. 26-J
Notes to Financial Statements

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	\$ -	\$ 19,371
Bond redemption fund	<u>19,371</u>	<u>-</u>
Total	<u>\$ 19,371</u>	<u>\$ 19,371</u>

All balances resulted from the lag time between the dates that (1) interfund reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. Interfund receivables and payables are eliminated through the transfer of funds from one fund to another.

	<u>Transfers In</u>	<u>Transfers Out</u>
<u>Governmental Funds</u>		
General fund	\$ -	\$ 124,879
Other governmental funds	<u>124,879</u>	<u>-</u>
Total	<u>\$ 124,879</u>	<u>\$ 124,879</u>

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them. The District transferred funds in the amount of \$99,697 from the General Fund to the Other Governmental Funds to subsidize the costs of maintaining the District's food service operations (\$74,879) and to set aside funds for capital acquisitions (\$50,000).

DEER TRAIL SCHOOL DISTRICT NO. 26-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/ Adjustments</u>	<u>Ending Balance</u>
Governmental activities				
Capital assets, not being depreciated:				
Land	\$ 210,557	\$ -	\$ -	\$ 210,557
Land	<u>-</u>	<u>156,213</u>	<u>-</u>	<u>156,213</u>
Total capital assets, not being depreciated	210,557	156,213	-	366,770
Capital assets, being depreciated:				
Buildings and improvements	35,999,907	84,114	-	36,084,021
Transportation equipment	538,217	147,614	(37,621)	648,210
Other equipment	<u>436,599</u>	<u>15,165</u>	<u>-</u>	<u>451,764</u>
Total capital assets, being depreciated	<u>36,974,723</u>	<u>246,893</u>	<u>(37,621)</u>	<u>37,183,995</u>
Total capital assets	37,185,280	403,106	(37,621)	37,550,765
Less accumulated depreciation for:				
Buildings and improvements	(3,804,627)	(902,604)	-	(4,707,231)
Transportation equipment	(402,556)	(38,524)	1,792	(439,288)
Other equipment	<u>(305,559)</u>	<u>(17,797)</u>	<u>-</u>	<u>(323,356)</u>
Total accumulated depreciation	<u>(4,512,742)</u>	<u>(958,925)</u>	<u>1,792</u>	<u>(5,469,875)</u>
Governmental activities capital assets, net	<u>\$ 32,672,538</u>	<u>\$ (555,819)</u>	<u>\$ (35,829)</u>	<u>\$ 32,080,890</u>

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

Governmental activities	
Instruction	\$ 13,212
Student transportation	38,524
Central support services	240
Food service	730
Unallocated	<u>906,219</u>
Total	<u>\$ 958,925</u>

DEER TRAIL SCHOOL DISTRICT NO. 26-J
Notes to Financial Statements

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 \$295,088. 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 Balances</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balances</u>	<u>Due within one year</u>
Governmental activities					
Compensated absences	\$ 11,944	\$ 101,980*	\$ -	\$ 113,924	\$ -
Bonds payable	5,490,000	-	(275,000)	5,215,000	280,000
Bond premium	<u>721,803</u>	<u>-</u>	<u>(51,252)</u>	<u>670,551</u>	<u>-</u>
Total	<u>\$ 6,223,747</u>	<u>\$ 101,980</u>	<u>\$ (326,252)</u>	<u>\$ 5,999,475</u>	<u>\$ 280,000</u>

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

Payments on bonds payable are made in the Bond Redemption Fund. The District believes that the current portion of compensated absences is negligible and is therefore not reported.

Bonds payable

General obligation bonds payable consist of the following individual issue:

\$6,690,000 general obligation bonds, dated August 17, 2017, due in annual installments beginning in fiscal year 2019 ranging from \$165,000 to \$495,000; fixed annual interest rate of 2.00% payable semi-annually on June 1st and December 1st.

Total general obligation bonds \$ 5,215,000

DEER TRAIL SCHOOL DISTRICT NO. 26-J
Notes to Financial Statements

Note G – Long-term debt (Continued)

The following schedule represents the District’s debt service requirements to maturity for all outstanding bonded indebtedness:

<u>Year ended June 30,</u>	<u>Principal</u>	<u>Interest</u>
2025	\$ 280,000	\$ 236,650
2026	290,000	225,250
2027	300,000	213,450
2028	315,000	201,150
2029	325,000	188,350
2030-2034	1,860,000	701,050
2035-2038	<u>1,845,000</u>	<u>189,875</u>
Totals	<u>\$ 5,215,000</u>	<u>\$ 1,955,775</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.

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.

DEER TRAIL SCHOOL DISTRICT NO. 26-J
Notes to Financial Statements

Note H – Defined benefit pension plan (Continued)

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

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

Upon meeting certain criteria, benefit recipients who elect to receive a lifetime retirement benefit generally receive post-retirement cost-of-living adjustments, referred to as annual increases in the C.R.S. Subject to the automatic adjustment provision (AAP) under C.R.S. § 24-51-413, eligible benefit recipients under the PERA benefit structure who began membership before January 1, 2007, and all eligible benefit recipients of the DPS benefit

DEER TRAIL SCHOOL DISTRICT NO. 26-J
Notes to Financial Statements

Note H – Defined benefit pension plan (Continued)

structure will receive the maximum annual increase (AI) or AI cap of 1.00% unless adjusted by the AAP. Eligible benefit recipients under the PERA benefit structure who began membership on or after January 1, 2007, will receive the lesser of an annual increase of the 1.00% AI cap or the average increase of the Consumer Price Index for Urban Wage Earners and Clerical Workers for the prior calendar year, not to exceed a determined increase that would exhaust 10% of PERA’s Annual Increase Reserve (AIR) for the SCHDTF. The AAP may raise or lower the aforementioned AI cap by up to 0.25% based on the parameters specified in C.R.S. § 24-51-413.

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

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

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

	July 1, 2023 Through <u>June 30, 2024</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).

DEER TRAIL SCHOOL DISTRICT NO. 26-J
Notes to Financial Statements

Note H – Defined benefit pension plan (Continued)

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 \$494,559 for the year ended June 30, 2024.

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

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

The net pension liability for the SCHDTF was measured as of December 31, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2022. Standard update procedures were used to roll-forward the total pension liability to December 31, 2023. The District’s proportion of the net pension liability was based on the District’s contributions to the SCHDTF for the calendar year 2023 relative to the total contributions of participating employers and the State as a nonemployer contributing entity.

At year end, the District reported a liability of \$5,624,803 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	\$ 5,624,803
The State’s proportionate share of the net pension liability as a nonemployer contributing entity associated with the District	<u>123,335</u>
Total	<u>\$ 5,748,138</u>

DEER TRAIL SCHOOL DISTRICT NO. 26-J
Notes to Financial Statements

Note H – Defined benefit pension plan (Continued)

At December 31, 2023, the District’s proportion was 0.0318%, which was an increase of 0.0088% from its proportion measured as of December 31, 2022.

For the year ended June 30, 2024, the District recognized pension expense of \$1,022,770 and revenue of \$9,397 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:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 264,416	\$ -
Changes of assumptions or other inputs	-	-
Net difference between projected and actual earnings on pension plan investments	101,690	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	943,659	236,198
Contributions subsequent to the measurement date	<u>269,631</u>	<u>-</u>
Total	<u>\$ 1,579,396</u>	<u>\$ 236,198</u>

\$269,631 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>
2025	\$ 255,106
2026	546,324
2027	384,563
2028	<u>(112,426)</u>
Totals	<u>\$ 1,073,567</u>

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

DEER TRAIL SCHOOL DISTRICT NO. 26-J
Notes to Financial Statements

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 ₁	Financed by the AIR

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

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

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

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

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

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

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

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.

DEER TRAIL SCHOOL DISTRICT NO. 26-J
Notes to Financial Statements

Note H – Defined benefit pension plan (Continued)

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

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

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

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

<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%.

DEER TRAIL SCHOOL DISTRICT NO. 26-J
Notes to Financial Statements

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 commencing July 1, 2018, that is proportioned between the State, School, Judicial, and DPS Division Trust Funds based upon the covered payroll of each Division. The annual direct distribution ceases when all Division Trust Funds are fully funded.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial FNP, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the FNP and the subsequent AIR benefit payments were estimated and included in the projections.

DEER TRAIL SCHOOL DISTRICT NO. 26-J
Notes to Financial Statements

Note H – Defined benefit pension plan (Continued)

- Benefit payments and contributions were assumed to be made at the middle of the year.
- Beginning with the December 31, 2023 measurement date and thereafter, the FNP as of the current measurement date is used as a starting point for the GASB 67 projections test.

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>\$ 7,521,297</u>	<u>\$ 5,624,803</u>	<u>\$ 4,043,356</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.

Payables to the pension plan

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

DEER TRAIL SCHOOL DISTRICT NO. 26-J
Notes to Financial Statements

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.

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, 2024, program members contributed \$14,816 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.

DEER TRAIL SCHOOL DISTRICT NO. 26-J
Notes to Financial Statements

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

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

PERA Benefit Structure

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

For benefit recipients who have not participated in Social Security and who are not otherwise eligible for premium-free Medicare Part A for hospital-related services, C.R.S. § 24-51-1206(4) provides an additional subsidy. According to the statute, PERA cannot charge premiums to benefit recipients without Medicare Part A that are greater than premiums charged to benefit recipients with Part A for the same plan option, coverage level, and service credit. Currently,

DEER TRAIL SCHOOL DISTRICT NO. 26-J
Notes to Financial Statements

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

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 \$24,752 for the year ended June 30, 2024.

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

At year-end, the District reported a liability of \$135,816 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2022. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2023. The District's proportion of the net OPEB liability was based on the District's contributions to the HCTF for the calendar year 2023 relative to the total contributions of participating employers to the HCTF.

DEER TRAIL SCHOOL DISTRICT NO. 26-J
Notes to Financial Statements

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

At December 31, 2023, the District’s proportion was 0.0190%, which was an increase of 0.0015% from its proportion measured as of December 31, 2023.

For the year ended June 30, 2024, the District recognized OPEB expense of \$(1,905). 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	\$ -	\$ 24,907
Changes of assumptions or other inputs	1,422	13,184
Net difference between projected and actual earnings on OPEB plan investments	3,558	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	22,611	2,299
Contributions subsequent to the measurement date	<u>13,495</u>	<u>-</u>
Total	<u>\$ 41,086</u>	<u>\$ 40,390</u>

\$13,495 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>
2025	\$ (10,997)
2026	(2,398)
2027	897
2028	(2,252)
2029	1,089
2030	<u>862</u>
Total	<u>\$ (12,799)</u>

DEER TRAIL SCHOOL DISTRICT NO. 26-J
Notes to Financial Statements

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

Actuarial assumptions. The total OPEB liability in the December 31, 2022 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	7.00% in 2023, gradually decreasing to 4.50% in 2033
Medicare Part A premiums ¹	3.50% in 2023, gradually increasing to 4.50% in 2035
DPS benefit structure:	
Service-based premium subsidy	0.00%
PERACare Medicare plans	N/A
Medicare Part A premiums	N/A

¹ UnitedHealthcare MAPD PPO plans are 0% for 2023.

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

DEER TRAIL SCHOOL DISTRICT NO. 26-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)
65-68	2.2%	2.3%
69	2.8%	2.2%
70	2.7%	1.6%
71	3.1%	0.5%
72	2.3%	0.7%
73	1.2%	0.8%
74	0.9%	1.5%
75-85	0.9%	1.3%
86 and older	0.0%	0.0%

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

Sample Age	MAPD PPO #1 without Medicare Part A		MAPD PPO #2 without Medicare Part A		MAPD HMO (Kaiser) without Medicare Part A	
	Retiree/Spouse		Retiree/Spouse		Retiree/Spouse	
	Male	Female	Male	Female	Male	Female
65	\$6,469	\$5,373	\$4,198	\$3,487	\$6,719	\$5,581
70	\$7,266	\$6,011	\$4,715	\$3,900	\$7,546	\$6,243
75	\$8,026	\$6,319	\$5,208	\$4,101	\$8,336	\$6,563

The 2023 Medicare Part A premium is \$506 per month.

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

DEER TRAIL SCHOOL DISTRICT NO. 26-J
Notes to Financial Statements

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

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

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

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

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

Mortality assumptions used in the December 31, 2022, valuation for the determination of the total pension liability for each of the Division Trust Funds as shown below, reflect generational mortality and were applied, as applicable, in the determination of the 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.

DEER TRAIL SCHOOL DISTRICT NO. 26-J
Notes to Financial Statements

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

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

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

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

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

DEER TRAIL SCHOOL DISTRICT NO. 26-J
Notes to Financial Statements

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

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

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

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%.

DEER TRAIL SCHOOL DISTRICT NO. 26-J
Notes to Financial Statements

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

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

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Initial PERACare Medicare trend rate ¹	5.75%	6.75%	7.75%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	2.50%	3.50%	4.50%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability	\$ 131,918	\$ 135,816	\$ 140,057

¹For the January 1, 2024, 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, 2023, measurement date.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00%.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Estimated transfers of dollars into the HCTF representing a portion of purchase service agreements intended to cover the costs associated with OPEB benefits.
- Benefit payments and contributions were assumed to be made at the middle of the year.

DEER TRAIL SCHOOL DISTRICT NO. 26-J
Notes to Financial Statements

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

- Beginning with the December 31, 2023 measurement date and thereafter, the FNP as of the current measurement date is used as a starting point for the GASB 74 projection test.
- As of the December 31, 2023, measurement date, the FNP and related disclosure components for the HCTF reflect payments related to the disaffiliation of Tri-County Health Department as a PERA-affiliated employer, effective December 31, 2022. As of the December 31, 2023, year-end, PERA recognized two additions for accounting and financial reporting purposes: a \$24 million payment received on December 4, 2023, and a \$2 million receivable. The employer disaffiliation payment and receivable allocations to the HCTF and Local Government Division Trust Fund were \$1.033 million and \$24.967 million, respectively.

Based on the above assumptions and methods, the FNP for the HCTF was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25% on OPEB plan investments was applied to all periods of projected benefit payments to determine the 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 <u>(6.25%)</u>	Current Discount Rate <u>(7.25%)</u>	1% Increase <u>(8.25%)</u>
Proportionate share of the net OPEB liability	\$ <u>160,416</u>	\$ <u>135,816</u>	\$ <u>114,771</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.

Payables to the OPEB plan

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

DEER TRAIL SCHOOL DISTRICT NO. 26-J
Notes to Financial Statements

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 participates in the Colorado School Districts Self-Insurance Pool (the Pool). The Pool's objectives are to provide member school districts defined property and liability coverage through self-insurance and excess insurance purchased from commercial companies. The District pays an annual contribution to the Pool for its insurance coverage. The District's contribution for the year was \$166,293. The District continues to carry commercial insurance for all other 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 voting requirements by the entire electorate. On November 3, 1998, 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 \$175,000 for the emergency reserve.

DEER TRAIL SCHOOL DISTRICT NO. 26-J
Notes to Financial Statements

Note M – Joint ventures

East Central Board of Cooperative Educational Services

The District participates in the East Central Board of Cooperative Educational Services (BOCES), an administrative unit serving 19 area school districts.

Prairie Creeks High School

The District participates in the Prairie Creeks High School (High School), a joint venture high school created in conjunction with other surrounding school districts.

These joint ventures do not meet the criteria for inclusion within the reporting entity because the BOCES and High School:

- are financially independent and responsible for their own financing deficits and entitled to their own surpluses,
- have separate governing boards from that of the District,
- have separate managements which are responsible for the day to day operations and are accountable to the separate boards,
- governing boards 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
- have 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 of each entity. These boards have final authority for all budgeting and financing of the joint ventures.

Separate financial statements of the East Central Board of Cooperative Educational Services and the Prairie Creeks High School are available by contacting their administrative offices in Limon, Colorado and Strasburg, Colorado, respectively.

For the year, the District's contributions to the BOCES and the High School were \$323,091 and \$29,293, respectively.

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
- 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

DEER TRAIL SCHOOL DISTRICT NO. 26-J
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Local sources	\$ 1,744,987	\$ 1,877,702	\$ 1,833,313	\$ (44,389)
Intermediate sources	21,017	21,017	22,000	983
State sources	3,071,579	3,583,807	3,827,641	243,834
Federal sources	154,776	156,555	208,880	52,325
Total revenues	4,992,359	5,639,081	5,891,834	252,753
Expenditures				
Instruction	2,747,548	3,081,025	2,947,680	133,345
Supporting services	2,459,608	2,674,682	2,278,019	396,663
Capital outlay			8,498	(8,498)
Appropriated reserves	3,682,913	4,011,821		4,011,821
Total expenditures	8,890,069	9,767,528	5,234,197	4,533,331
Excess of revenues over (under) expenditures	(3,897,710)	(4,128,447)	657,637	4,786,084
Other financing uses				
Transfers out	(133,000)	(158,000)	(124,879)	33,121
Net change in fund balance	<u>\$ (4,030,710)</u>	<u>\$ (4,286,447)</u>	532,758	<u>\$ 4,819,205</u>
Fund balance at beginning of year			<u>4,286,448</u>	
Fund balance at end of year			<u>\$ 4,819,206</u>	

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DEER TRAIL SCHOOL DISTRICT NO. 26-J

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

PERA's School Division Trust Fund

June 30, 2024

	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>
District's proportion of the net pension liability	0.0318%	0.0230%	0.0260%	0.0292%
District's proportionate share of the net pension liability	\$ 5,624,803	\$ 4,183,678	\$ 3,027,074	\$ 4,407,021
State's proportionate share of the net pension liability	<u>123,335</u>	<u>1,219,166</u>	<u>347,015</u>	<u>-</u>
Total	<u>\$ 5,748,138</u>	<u>\$ 5,402,844</u>	<u>\$ 3,374,089</u>	<u>\$ 4,407,021</u>
District's covered payroll	\$ 2,102,819	\$ 1,770,905	\$ 1,625,647	\$ 1,558,826
District's proportionate share of the net pension liability as a percentage of its covered payroll	267.49%	236.25%	186.21%	282.71%
Plan fiduciary net position as a percentage of the total pension liability	64.74%	61.79%	74.86%	66.99%

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

<u>June 30, 2020</u>	<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>
0.0244%	0.0260%	0.0296%	0.0287%	0.0305%	0.0292%
\$ 3,638,134	\$ 4,602,096	\$ 9,555,771	\$ 8,539,059	\$ 4,658,828	\$ 3,959,605
<u>461,451</u>	<u>629,273</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 4,099,585</u>	<u>\$ 5,231,369</u>	<u>\$ 9,555,771</u>	<u>\$ 8,539,059</u>	<u>\$ 4,658,828</u>	<u>\$ 3,959,605</u>
\$ 1,430,836	\$ 1,428,820	\$ 1,363,156	\$ 1,287,196	\$ 1,327,491	\$ 1,223,894
254.27%	322.09%	701.00%	663.38%	350.95%	323.53%
64.52%	57.01%	43.96%	43.10%	59.20%	62.84%

DEER TRAIL SCHOOL DISTRICT NO. 26-J
Schedule of District Contributions
PERA's School Division Trust Fund
June 30, 2024

	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Contractually required contribution	\$ 494,559	\$ 395,355	\$ 327,727	\$ 317,015
Contributions in relation to the contractually required contribution	<u>(494,559)</u>	<u>(395,355)</u>	<u>(327,727)</u>	<u>(317,015)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 2,426,683	\$ 1,939,915	\$ 1,648,523	\$ 1,594,640
Contributions as a percentage of covered payroll	20.38%	20.38%	19.88%	19.88%

<u>June 30, 2020</u>	<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>
\$ 291,733	\$ 266,489	\$ 269,891	\$ 239,358	\$ 233,942	\$ 212,571
<u>(291,733)</u>	<u>(266,489)</u>	<u>(269,891)</u>	<u>(239,358)</u>	<u>(233,942)</u>	<u>(212,571)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,505,325	\$ 1,393,040	\$ 1,429,026	\$ 1,301,842	\$ 1,333,662	\$ 1,258,763
19.38%	19.13%	18.89%	18.39%	17.54%	16.89%

DEER TRAIL SCHOOL DISTRICT NO. 26-J
Schedule of the District's Proportionate Share of the Net OPEB Liability ¹
PERA's Health Care Trust Fund
June 30, 2024

	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>
District's proportion of the net OPEB liability	0.0190%	0.0175%	0.0170%	0.0169%
District's proportionate share of the net OPEB liability	\$ 135,816	\$ 142,487	\$ 146,451	\$ 160,177
District's covered payroll	\$ 2,102,819	\$ 1,770,905	\$ 1,625,647	\$ 1,558,826
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	6.46%	8.05%	9.01%	10.28%
Plan fiduciary net position as a percentage of the total OPEB liability	46.16%	38.57%	39.40%	32.78%

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

¹ 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.

<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>
0.0159%	0.0169%	0.0168%	0.0163%
\$ 178,863	\$ 229,847	\$ 218,213	\$ 211,359
\$ 1,430,836	\$ 1,428,820	\$ 1,363,156	\$ 1,287,196
12.50%	16.09%	16.01%	16.42%
24.49%	17.03%	17.53%	16.72%

DEER TRAIL SCHOOL DISTRICT NO. 26-J
Schedule of District Contributions ¹
PERA's Health Care Trust Fund
June 30, 2024

	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Contractually required contribution	\$ 24,752	\$ 19,787	\$ 16,815	\$ 16,265
Contributions in relation to the contractually required contribution	<u>(24,752)</u>	<u>(19,787)</u>	<u>(16,815)</u>	<u>(16,265)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 2,426,683	\$ 1,939,915	\$ 1,648,523	\$ 1,594,640
Contributions as a percentage of covered payroll	1.02%	1.02%	1.02%	1.02%

¹ 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.

<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>
\$ 15,354	\$ 14,209	\$ 14,576	\$ 13,279
<u>(15,354)</u>	<u>(14,209)</u>	<u>(14,576)</u>	<u>(13,279)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,505,325	\$ 1,393,040	\$ 1,429,026	\$ 1,301,842
1.02%	1.02%	1.02%	1.02%

DEER TRAIL SCHOOL DISTRICT NO. 26-J
Notes to the Required Supplementary Information

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 June 1, 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, except that depreciation is not budgeted as an expense in the Food Service Fund.
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.

Other Supplementary Information

Other supplementary information includes financial statements and schedules that are not required by the Governmental Accounting Standards Board, not a part of the basic financial statements, but are presented for purposes of additional analysis.

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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.

DEER TRAIL SCHOOL DISTRICT NO. 26-J
General Fund
Budgetary Comparison Schedule - Revenues
For the Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Local sources				
Property taxes	\$ 1,522,398	\$ 1,522,398	\$ 1,409,537	\$ (112,861)
Specific ownership taxes	91,789	91,789	117,886	26,097
Delinquent taxes and interest	2,500	2,500	1,435	(1,065)
Other taxes			1,686	1,686
Earnings on investments	100,000	200,000	219,079	19,079
Pupil activities	8,000	8,000	5,062	(2,938)
Other local revenue	20,300	53,015	78,628	25,613
Total local sources	1,744,987	1,877,702	1,833,313	(44,389)
Intermediate sources	21,017	21,017	22,000	983
State sources				
Equalization	2,867,600	3,234,960	3,338,700	103,740
English language proficiency	5,615	11,602	4,767	(6,835)
Transportation	25,000	35,510	37,946	2,436
State grants to libraries	4,500	4,500	4,500	-
School turnaround		41,000	41,000	-
Small rural schools funding		59,680	119,361	59,681
Additional at-risk funding			2,439	2,439
READ Act	10,000	10,996	13,042	2,046
On-behalf payment			9,397	9,397
Revenue from other agencies	94,143	98,415	127,667	29,252
Services within the BOCES	64,721	87,144	128,822	41,678
Total state sources	3,071,579	3,583,807	3,827,641	243,834
Federal sources				
ARP ESSER III (90%)			8,619	8,619
ARP ESSER III set aside	69,935	44,898	36,279	(8,619)
Empowering action school improvement grant			48,200	48,200
Childcare stabilization grant			19,540	19,540
REAP			35,086	35,086
Services within the BOCES	84,841	111,657	61,156	(50,501)
Total federal sources	154,776	156,555	208,880	52,325
Total revenues	\$ 4,992,359	\$ 5,639,081	\$ 5,891,834	\$ 252,753

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DEER TRAIL SCHOOL DISTRICT NO. 26-J
General Fund
Budgetary Comparison Schedule - Expenditures
For the Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Expenditures				
Instruction				
Salaries	\$ 1,608,989	\$ 1,820,677	\$ 1,799,486	\$ 21,191
Employee benefits	623,242	691,440	648,019	43,421
Purchased services	308,945	312,864	301,149	11,715
Supplies and materials	151,522	163,947	122,746	41,201
Property	35,250	72,497	61,549	10,948
Other	19,600	19,600	14,731	4,869
Total instruction	2,747,548	3,081,025	2,947,680	133,345
Supporting services				
Students				
Salaries	113,100	113,476	101,957	11,519
Employee benefits	43,280	33,183	25,766	7,417
Purchased services	74,500	92,774	89,801	2,973
Supplies and materials	2,400	6,011	5,522	489
Total students	233,280	245,444	223,046	22,398
Instructional staff				
Salaries	7,705	9,437	6,557	2,880
Employee benefits	2,124	3,192	2,564	628
Purchased services	122,545	157,951	107,234	50,717
Supplies and materials	11,700	28,327	33,856	(5,529)
Property	4,785	6,628	6,628	-
Total instructional staff	148,859	205,535	156,839	48,696
General administration				
Salaries	200,100	207,350	157,650	49,700
Employee benefits	54,070	62,730	65,644	(2,914)
Purchased services	50,300	57,253	39,362	17,891
Supplies and materials	13,700	16,700	13,909	2,791
Property			435	(435)
Other	9,800	9,800	9,372	428
Total general administration	327,970	353,833	286,372	67,461

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
School administration				
Salaries	211,325	217,220	217,154	66
Employee benefits	69,320	69,365	67,814	1,551
Purchased services	5,000	7,500	5,611	1,889
Supplies and materials	5,500	6,000	4,079	1,921
Other	2,000	2,000	450	1,550
Total school administration	293,145	302,085	295,108	6,977
Business services				
Salaries	50,800	53,240	51,540	1,700
Employee benefits	11,690	12,248	13,135	(887)
Purchased services	41,005	36,300	38,730	(2,430)
Supplies and materials	3,000	3,000	2,288	712
Other	1,000	1,000	498	502
Total business services	107,495	105,788	106,191	(403)
Operations and maintenance				
Salaries	134,310	139,750	121,446	18,304
Employee benefits	51,465	53,697	55,614	(1,917)
Purchased services	397,700	389,000	313,652	75,348
Supplies and materials	221,444	233,444	185,897	47,547
Property	4,000	12,671	11,788	883
Total operations and maintenance	808,919	828,562	688,397	140,165
Student transportation				
Salaries	93,205	109,895	90,100	19,795
Employee benefits	23,420	27,230	22,322	4,908
Purchased services	155,000	192,000	38,886	153,114
Supplies and materials	31,000	31,000	23,264	7,736
Property			149,614	(149,614)
Other	600	600	364	236
Total student transportation	303,225	360,725	324,550	36,175

(continued)

DEER TRAIL SCHOOL DISTRICT NO. 26-J
General Fund
Budgetary Comparison Schedule - Expenditures
For the Year Ended June 30, 2024

(continued)	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Central support services				
Salaries	66,500	69,310	65,675	3,635
Employee benefits	24,615	15,800	16,029	(229)
Purchased services	53,850	53,850	47,834	6,016
Supplies and materials	67,500	77,500	45,982	31,518
Property	18,000	53,000	21,150	31,850
Other	750	750		750
Total central support services	231,215	270,210	196,670	73,540
Other support services				
Employee benefits	5,500	2,500	846	1,654
Total other support services	5,500	2,500	846	1,654
Total supporting services	2,459,608	2,674,682	2,278,019	396,663
Capital outlay				
Purchased services			8,498	(8,498)
Total capital outlay	-	-	8,498	(8,498)
Appropriated reserves	3,682,913	4,011,821		4,011,821
Total expenditures	<u>\$ 8,890,069</u>	<u>\$ 9,767,528</u>	<u>\$ 5,234,197</u>	<u>\$ 4,533,331</u>

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

The District reports the following nonmajor governmental funds:

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

- Food Service Fund – This fund is used to record financial transactions related to the District’s food service operations.
- Pupil Activity Fund – This fund is used to record transactions related to school-sponsored pupil organizations and activities.

Capital Projects Fund – These funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities.

- Capital Reserve Capital Projects Fund – This fund was established to account for and report financial resources that have been designated for capital outlays acquisition or construction of major capital facilities and other capital assets

DEER TRAIL SCHOOL DISTRICT NO. 26-J
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2024

	Food Service Fund	Pupil Activity Fund	Capital Reserve Capital Projects Fund	Totals
Assets				
Cash	\$ 20,386	\$ 65,909	\$ 82,230	\$ 168,525
Other receivables	816			816
Inventories	467			467
Total assets	\$ 21,669	\$ 65,909	\$ 82,230	\$ 169,808
Liabilities				
Accounts payable	\$ 1,121	\$ 463	\$ 5,100	\$ 6,684
Unearned revenue	1,879			1,879
Total liabilities	3,000	463	5,100	8,563
Fund balance				
Nonspendable inventories	467			467
Restricted to food service	18,202			18,202
Committed to pupil activities		65,446		65,446
Committed to capital projects			77,130	77,130
Total fund balance	18,669	65,446	77,130	161,245
Total liabilities and fund balance	\$ 21,669	\$ 65,909	\$ 82,230	\$ 169,808

DEER TRAIL SCHOOL DISTRICT NO. 26-J
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended June 30, 2024

	Food Service Fund	Pupil Activity Fund	Capital Reserve Capital Projects Fund	Totals
Revenues				
Local sources	\$ 3,800	\$ 96,172	\$ 4,271	\$ 104,243
State sources	42,474			42,474
Federal sources	105,596			105,596
Total revenues	151,870	96,172	4,271	252,313
Expenditures				
Instruction		98,270		98,270
Supporting services	228,172			228,172
Capital outlay			77,439	77,439
Total expenditures	228,172	98,270	77,439	403,881
Excess of revenues over (under) expenditures	(76,302)	(2,098)	(73,168)	(151,568)
Other financing sources				
Transfers in	74,879		50,000	124,879
Net change in fund balance	(1,423)	(2,098)	(23,168)	(26,689)
Fund balance at beginning of year	20,092	67,544	100,298	187,934
Fund balance at end of year	\$ 18,669	\$ 65,446	\$ 77,130	\$ 161,245

DEER TRAIL SCHOOL DISTRICT NO. 26-J
Food Service Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Local sources	\$ 4,965	\$ 4,015	\$ 3,800	\$ (215)
State sources	10,000	23,650	42,474	18,824
Federal sources	76,428	122,432	105,596	(16,836)
Total revenues	91,393	150,097	151,870	1,773
Expenditures				
Food service operations				
Salaries	60,300	70,000	71,881	(1,881)
Employee benefits	34,540	36,780	34,998	1,782
Purchased services	13,200	27,200	19,922	7,278
Supplies and materials	50,650	112,000	94,388	17,612
Property	6,500	6,500	6,444	56
Other	400	800	539	261
Appropriated reserves	14,803	16,909		16,909
Total expenditures	180,393	270,189	228,172	42,017
Excess of revenues over (under) expenditures	(89,000)	(120,092)	(76,302)	43,790
Other financing sources				
Transfers in	75,000	100,000	74,879	(25,121)
Net change in fund balance	\$ (14,000)	\$ (20,092)	(1,423)	\$ 18,669
Fund balance at beginning of year			20,092	
Fund balance at end of year			\$ 18,669	

DEER TRAIL SCHOOL DISTRICT NO. 26-J
Pupil Activity Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Local sources				
Earnings on investments			\$ 713	\$ 713
Fundraising and other events	\$ 90,000	\$ 90,000	95,459	5,459
Total revenues	90,000	90,000	96,172	6,172
Expenditures				
Instruction				
Purchased services	30,000	30,000	38,630	(8,630)
Supplies and materials	25,000	25,000	55,440	(30,440)
Property	25,000	25,000	4,200	20,800
Other	25,000	25,000		25,000
Appropriated reserves	33,000	60,544		60,544
Total expenditures	138,000	165,544	98,270	67,274
Excess of revenues over (under) expenditures	(48,000)	(75,544)	(2,098)	73,446
Other financing sources				
Transfers in	8,000			-
Net change in fund balance	\$ (40,000)	\$ (75,544)	(2,098)	\$ 73,446
Fund balance at beginning of year			67,544	
Fund balance at end of year			\$ 65,446	

DEER TRAIL SCHOOL DISTRICT NO. 26-J
Capital Reserve Capital Projects Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Local sources				
Earnings on investments	\$ 500	\$ 4,500	\$ 4,271	\$ (229)
Total revenues	500	4,500	4,271	(229)
Expenditures				
Capital outlay				
Purchased services	120,000	120,000	77,439	42,561
Appropriated reserves	30,500	34,798		34,798
Total expenditures	150,500	154,798	77,439	77,359
Excess of revenues over (under) expenditures	(150,000)	(150,298)	(73,168)	77,130
Other financing sources				
Transfers in	50,000	50,000	50,000	-
Net change in fund balance	\$ (100,000)	\$ (100,298)	(23,168)	\$ 77,130
Fund balance at beginning of year			100,298	
Fund balance at end of year			\$ 77,130	

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 – The revenues from a tax levy for the purpose of satisfying bonded indebtedness obligations, both principal and interest and related expenditures, shall be recorded in this fund.

DEER TRAIL SCHOOL DISTRICT NO. 26-J
Bond Redemption Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Local sources				
Property taxes	\$ 530,000	\$ 532,478	\$ 529,765	\$ (2,713)
Specific ownership taxes	500	500		(500)
Delinquent taxes and interest	1,000	1,000	593	(407)
Earnings on investments	100	20,000	14,636	(5,364)
Total revenues	531,600	553,978	544,994	(8,984)
Expenditures				
Debt service				
Principal	275,000	275,000	275,000	-
Interest and fiscal charges	246,000	246,000	245,000	1,000
Appropriated reserves	460,600	501,947		501,947
Total expenditures	981,600	1,022,947	520,000	502,947
Net change in fund balance	\$ (450,000)	\$ (468,969)	24,994	\$ 493,963
Fund balance at beginning of year			468,969	
Fund balance at end of year			\$ 493,963	

Budgetary Comparison Schedule - Capital Projects Fund

The District reports the following major capital projects fund:

Capital Projects Fund – These funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities.

- Building Fund – This fund is used to account for the revenues from a bond issuance and BEST grant funds for the purpose of the acquisition or construction of major capital facilities.

DEER TRAIL SCHOOL DISTRICT NO. 26-J
Building Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Local sources	\$ 8,000	\$ 15,000	\$ 19,873	\$ 4,873
Total revenues	8,000	15,000	19,873	4,873
Expenditures				
Capital outlay				
Property	568,000	576,636	156,213	420,423
Total expenditures	568,000	576,636	156,213	420,423
Net change in fund balance	<u>\$ (560,000)</u>	<u>\$ (561,636)</u>	(136,340)	<u>\$ 425,296</u>
Fund balance at beginning of year			<u>561,636</u>	
Fund balance at end of year			<u>\$ 425,296</u>	

**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: 0170 - Deer Trail 26)
 Fiscal Year 2023-24
 Colorado School District/BOCES

Revenues, Expenditures, & Fund Balance by Fund

Fund Type & Number	Beg Fund Balance & Prior Per Adj (6880*)	+	1000 - 5999 Total Revenues & Other Sources	-	0001-0999 Total Expenditures & Other Uses	=	6700-6799 & Prior Per Adj (6880*) Ending Fund Balance
Governmental							
10 General Fund	4,286,448		5,766,955		5,234,197		4,819,206
18 Risk Mgmt Sub-Fund of General Fund	0		0		0		0
19 Colorado Preschool Program Fund	0		0		0		0
Sub-Total	4,286,448		5,766,955		5,234,197		4,819,206
11 Charter School Fund	0		0		0		0
20,26-29 Special Revenue Fund	0		0		0		0
06 Supplemental Cap Const, Tech, Main, Fund	0		0		0		0
07 Total Program Reserve Fund	0		0		0		0
21 Food Service Spec Revenue Fund	20,092		226,749		228,172		18,669
22 Govt Designated-Purpose Grants Fund	0		0		0		0
23 Pupil Activity Special Revenue Fund	67,544		96,172		98,270		65,446
25 Transportation Fund	0		0		0		0
31 Bond Redemption Fund	468,969		544,994		520,000		493,963
39 Certificate of Participation (COP) Debt Service Fund	0		0		0		0
41 Building Fund	561,636		19,873		156,213		425,296
42 Special Building Fund	0		0		0		0
43 Capital Reserve Capital Projects Fund	100,298		54,271		77,439		77,130
46 Supplemental Cap Const, Tech, Main Fund	0		0		0		0
Totals	5,504,989		6,709,014		6,314,292		5,899,711
Proprietary							
50 Other Enterprise Funds	0		0		0		0
64 (63) Risk-Related Activity Fund	0		0		0		0
60,65-69 Other Internal Service Funds	0		0		0		0
Totals	0		0		0		0
Fiduciary							
70 Other Trust and Agency Funds	0		0		0		0
72 Private Purpose Trust Fund	0		0		0		0
73 Agency Fund	0		0		0		0
74 Pupil Activity Agency Fund	0		0		0		0
79 GASB 34 Permanent fund	0		0		0		0
85 Foundations	0		0		0		0
Totals	0		0		0		0

FINAL