

Brush School District RE-2(J)
Auditor's Report and Financial Statements
June 30, 2024

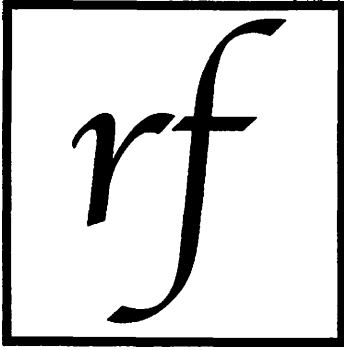
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Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Brush School District No. RE-2 (J) (the "District"), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, the aggregate discretely presented component unit, 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The financial statements of the aggregate discretely presented component unit were not audited in accordance with the Government Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

The District's 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.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the additional required supplementary information on pages 38 through 44 be presented to supplement the basic financial statements. Such information is the responsibility of

management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has elected to omit the management's discussion and analysis. The omission of this information does not affect our opinion on the basic financial statements.

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 supplemental information on pages 45 through 54, including the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying supplementary 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. Such 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 accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 27, 2025, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

rfarmer, llc

February 27, 2025

Brush School District RE-2(J)
Statement of Net Position
June 30, 2024

	Governmental Activities
ASSETS	
Cash and Equivalents	\$ 20,737,740
Investments	318,893
Receivables	413,296
Internal Balances	(11,059)
Due from Other Governmental Agencies	252,554
Inventories	17,268
Prepaid Expenses	81,587
Capital Assets:	
Capital assets, net of depreciation	73,104,021
Total Capital Assets	73,104,021
DEFERRED OUTFLOWS OF RESOURCES	
Pension	9,229,709
OPEB	82,830
Total Assets	104,226,839
LIABILITIES	
Accounts payable and accrued expenses	2,413,027
Unearned Revenues	156,907
Long-term liabilities:	
Due within one year:	
Current portion of long-term debt	1,738,786
Accrued interest	88,427
Due in more than one year:	
Long-term debt	29,215,595
Net Pension and OPEB Liability	27,638,091
Total liabilities	61,250,833
DEFERRED INFLOWS OF RESOURCES	
Pension	4,791,370
OPEB	211,266
Total Deferred Inflows	5,002,636
NET POSITION	
Net investment in capital assets	42,963,804
Restricted:	
Debt Service	643,933
Capital projects	5,755,515
Inventories	105,040
TABOR	515,000
Unrestricted	(12,009,923)
Total net position	\$ 37,973,369

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

Brush School District RE-2(J)
Statement of Activities
For the Year Ended June 30, 2024

<u>Functions/Programs</u> Primary government	<u>Program Revenue</u>		<u>Net (Expense) Revenue and Changes in Net Position</u> <u>Primary Government</u>
Governmental Activities	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>
Instructional	\$	-	\$
Supporting Services	11,656,795	332,343	8,864,182
Food Service	1,049,075	4,998	847,140
Total primary government	<u>\$ 26,368,239</u>	<u>\$ 337,341</u>	<u>\$ 10,798,343</u>
			\$ (4,798,187)
			(10,477,312)
			<u>42,944</u>
			<u>(15,232,555)</u>
General revenues:			
Taxes:			
Property taxes, levied for general purposes			9,582,766
Property taxes, levied for debt service			3,365,064
Specific ownership			901,013
Unrestricted investment earnings			638,255
Miscellaneous			1,624,293
Total general revenues, special items, and transfers			<u>16,111,391</u>
Change in net position			878,836
Net position - beginning, restated			37,094,533
Net position - ending			<u>\$ 37,973,369</u>

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

Brush School District RE-2(J)
Balance Sheet
Governmental Funds
June 30, 2024

	<u>General</u>	<u>Title Programs</u>	<u>Bond Redemption</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and cash equivalents	\$ 13,994,459	\$ -	\$5,118,490	\$ 1,624,792	\$ 20,737,741
Investments	-	-	-	318,893	318,893
Taxes receivable, net	347,558	-	65,738	-	413,296
Due from other funds	-	-	-	21,760	21,760
Receivable from other governments	286	-	-	-	286
Other receivables	-	-	-	252,268	252,268
Inventories	-	-	-	17,268	17,268
Prepaid expenses	81,587	-	-	-	81,587
Total assets	<u>14,423,890</u>	<u>-</u>	<u>5,184,228</u>	<u>2,234,981</u>	<u>21,843,099</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	407,325	5,870	-	36,711	449,906
Due to other funds	45,987	(30,948)	-	17,781	32,820
Unearned revenue	125,959	-	-	-	125,959
Other accrued expenses	1,662,978	(5,870)	-	306,016	1,963,124
Other payables	-	30,948	-	-	30,948
Total liabilities	<u>2,242,249</u>	<u>-</u>	<u>-</u>	<u>360,508</u>	<u>2,602,757</u>
Fund balances:					
Non-spendable inventory	-	-	-	17,268	17,268
Prepaid expenses	81,587	-	-	-	81,587
Debt service	-	-	5,184,228	-	5,184,228
Restricted-TABOR	515,000	-	-	-	515,000
Unassigned	11,585,054	-	-	-	11,585,054
Committed, reported in non-major:					
Special revenue funds	-	-	-	1,857,205	1,857,205
Total fund balances	<u>12,181,641</u>	<u>-</u>	<u>5,184,228</u>	<u>1,874,473</u>	<u>19,240,342</u>
Total liabilities and fund balances	<u>\$ 14,423,890</u>	<u>\$ -</u>	<u>\$5,184,228</u>	<u>\$ 2,234,981</u>	<u>\$ 21,843,099</u>

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

Brush School District RE-2(J)
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2024

Total fund balance, governmental funds	\$ 19,240,342
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.	73,104,021
Certain other long-term assets are not available to pay current period expenditures and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position: Pension Plan Deferred Outflow	9,312,539
Some liabilities, (such as Notes Payable, Long-term Compensated Absences, Net Pension Liability, Pension Differences-Deferred Outflow and Bonds Payable), are not due and payable in the current period and are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Position.	(63,595,108)
Accrued interest on long-term debt is not due and payable in the current period and therefore is not reported as a fund liability.	<u>(88,425)</u>
Net Position of Governmental Activities in the Statement of Net Position	<u><u>\$ 37,973,369</u></u>

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

Brush School District RE-2(J)
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2024

	General	Title Programs	Bond Redemption	Other Governmental Funds	Total Governmental Funds
REVENUES					
Student Activities	\$ -	\$ -	\$ -	\$ 481,422	\$ 481,422
Intergovernmental	-	-	-	1,611,155	1,611,155
Investment earnings	-	-	-	15	15
Local Revenues	13,884,851	-	3,537,717	1,030,404	18,452,972
State revenues	7,618,654	-	-	-	7,618,654
Federal revenues	226,148	184,501	-	-	410,649
Total revenues	21,729,653	184,501	3,537,717	3,122,996	28,574,867
EXPENDITURES					
Instructional	10,102,758	184,501	-	620,257	10,907,516
Supporting Services	9,856,948	-	-	2,552,724	12,409,672
Debt Service:					
Principal	47,339	-	1,635,004	-	1,682,343
Interest Expense	-	-	1,108,406	-	1,108,406
Total Expenditures	20,007,045	184,501	2,743,410	3,172,981	26,107,937
Excess (deficiency) of revenues over expenditures	1,722,608	-	794,307	(49,985)	2,466,930
Net change in fund balances	1,722,608	-	794,307	(49,985)	2,466,930
Fund balances - beginning	10,459,033	-	4,389,921	1,924,458	16,773,412
Fund balances - ending	\$ 12,181,641	\$ -	\$ 5,184,228	\$ 1,874,473	\$ 19,240,342

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

Brush School District RE-2(J)
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2024

Net change in fund balances - total governmental funds:	\$	2,466,930
<p>Amounts reported for Governmental Activities in the Statement of Activities are different because:</p>		
<p>Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period.</p>		
This is the amount by which capital outlay of \$0 is less than depreciation of \$2,636,243 in the current period.		(2,636,243)
<p>Governmental funds report bond proceeds as current financial resources. In contrast, the Statement of Activities treats such issuance of debt as a liability. Governmental funds report repayment of bond principal as an expenditure, In contrast, the Statement of Activities treats such repayments as a reduction in long-term liabilities. This is the amount by which repayments were less than proceeds.</p>		
		1,682,343
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds:</p>		
Amortization of bond premium		6,316
Net difference between PERA pension and OPEB actual expense contributions		<u>(640,510)</u>
Change in net position of governmental activities	\$	<u><u>878,836</u></u>

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

Brush School District No. RE-2(J)
Notes to Financial Statements
June 30, 2024

Note 1 **Summary of Significant Accounting Policies**

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

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

Reporting Entity

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

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

Fund Accounting

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

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

Governmental funds are used to account for all or most of a government's general activities, including the collection and disbursement of earmarked funds (special revenue funds), and the servicing of general long-term debt (debt service fund). The following are the District's major governmental funds:

General Fund – The General Fund is the operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund. Major revenue sources include local property taxes, specific ownership taxes, and State of Colorado equalization funding, as determined by the School Finance Act of 1994, as amended.

Expenditures include all costs associated with the daily operation of the schools, except for certain capital outlay expenditures, debt service, food service operations and pupil activities.

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

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

The following are the District’s nonmajor governmental funds:

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

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

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

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

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

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

Basis of Presentation

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

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

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the District’s governmental activities.

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

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

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

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

Basis of Accounting

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

Revenues – exchange and non-exchange transactions – Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, are recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenues are recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within sixty days of fiscal year-end, except for state and federal grant revenues, which are considered available if collection is expected within six months of year end.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenues from property taxes are recognized in the fiscal year for which the taxes are levied. State equalization monies are recognized as revenues during the period in which they are appropriated. Revenues from grants, entitlements and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the

fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

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.

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.

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.

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.

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:

Buildings and improvements	10 – 40 Years
Licensed vehicles	5 – 20 Years
Equipment	5 – 20 Years

Compensated Absences

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

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

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

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

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

Accrued Liabilities and Long-term Obligations

All payables accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, the noncurrent portion of compensated absences that will be paid from governmental funds is reported as a liability in the fund financial statements only to the extent that they will be paid with current, expendable, available financial resources. Bonds payable and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements until due.

Fund Balance

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

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

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

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

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

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

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

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

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

Net Position

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

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

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.

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 2

Cash and Deposits

Cash and Deposits

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

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 a deposit policy for custodial credit risk. As of year-end, the District had total deposits of \$15,469,493,

of which \$500,000 was insured and \$14,969,493 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 \$5,110,530 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.

The investment in Colotrust (a local government investment pool) is maintained in the Bond Redemption Fund.

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

The District also had cash with the County Treasurer of \$155,804 and cash on hand of \$1,915.

Note 3 Receivables

Receivables at year-end consist of the following:

	<u>Governmental Activities</u>
Property tax receivables	\$ 413,296
Grants receivables	286
Other receivables	<u>252,268</u>
Total	<u>\$ 665,850</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. Morgan and Washington Counties bill and collect property taxes for all taxing entities within the counties. The tax receipts collected by the counties are remitted to the District in the subsequent month.

Note 4 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	\$ -	\$ 3,980
Designated purpose grants fund	-	-
Other governmental	21,760	14,030
<u>Fiduciary Funds</u>		
Private purpose trust fund	-	<u>3,750</u>
Total	<u>\$ 21,760</u>	<u>\$ 21,760</u>

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

Note 5 Capital Assets

Capital asset activity for the year was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 787,417	\$ -	\$ -	\$ 787,417
Capital assets, being depreciated:				
Land improvements	413,995	-	-	419,995
Buildings and improvements	100,092,853	-	-	100,092,853
Leased equipment	248,531	-	-	248,531
Vehicles	1,952,486	-	-	1,952,486
Equipment	2,457,869	-	-	2,457,869
Total	105,165,734	-	-	105,165,734
Less accumulated depreciation:				
Land improvements	(35,475)	(10,350)	-	(45,825)
Buildings and improvements	(27,377,338)	(2,365,317)	-	(29,742,655)
Leased equipment	(15,314)	(15,314)	-	(30,628)
Vehicles	(1,130,698)	(83,636)	-	(1,214,334)
Equipment	(1,654,062)	(161,626)	-	(1,815,688)
Total	(30,212,887)	(2,636,243)	-	(32,849,130)
Capital assets, net	\$ 75,740,264	\$ (2,639,243)	\$ -	\$ 73,104,021

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

Governmental Activities:	
Instruction	\$ 41,628
Operations and maintenance	83,491
Student transportation	81,307
Central support	28,597
Food service operations	30,973
Unallocated	2,370,247
Total	<u>\$ 2,636,243</u>

Note 6 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 \$1,926,892. Accordingly, this accrued compensation is reflected as a liability in the accompanying financial statements.

Note 7 Long-Term Debt

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

<u>Governmental Activities:</u>	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Compensated absences	\$ 35,115	\$ -	\$ -	\$ 35,115	\$ -
Bonds payable	5,545,000	-	(265,000)	5,280,000	275,000
Bond premium	641,159	-	(44,993)	596,166	-
Certificates of participation	26,221,558	-	(1,370,004)	24,851,554	1,416,447
Leases payable	238,885	-	(47,339)	191,546	47,339
Total	\$ 32,681,717	\$ -	\$ (1,727,336)	\$ 30,954,381	\$ 1,738,786

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

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

Bonds Payable

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

Certificates of Participation

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

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

	Bonds Payable		Certificates of Participation	
	Principal	Interest	Principal	Interest
2025	\$ 275,000	\$ 231,906	\$ 1,416,447	\$ 818,459
2026	285,000	220,706	1,464,465	769,627
2027	300,000	207,506	1,514,110	719,141
2028	315,000	193,706	1,565,438	666,942
2029	325,000	179,281	1,618,507	612,974
2030	345,000	162,531	1,673,374	557,177
2031	360,000	144,906	1,730,101	499,488
2032	380,000	126,406	1,788,752	439,843
2033	395,000	107,031	1,849,390	378,177
2034	415,000	86,781	1,912,085	314,420
2035	440,000	65,406	1,976,904	248,502
2036	460,000	42,906	2,043,922	180,348
2037	485,000	23,828	2,113,211	109,885
2038	500,000	8,127	2,184,848	37,035
	\$ 5,280,000	\$ 1,801,027	\$ 24,851,554	\$ 6,352,018

Leases Payable

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

<u>Year Ended June 30:</u>	<u>Principal</u>
2025	\$ 47,339
2026	47,339
2027	47,339
2028	46,081
2029	3,448
Total	<u>\$ 191,546</u>

Note 8 Defined Benefit Pension Plan

Summary of Significant Accounting Policies

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

General Information about the Pension Plan

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

Benefits provided as of December 31, 2023. PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. § 24-51-602, 604, 1713, and 1714.

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

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

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 the highest average salary and cannot exceed the maximum benefit allowed by the federal Internal Revenue Code.

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

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

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

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

Contributions provisions as of December 31, 2023: Eligible employees of the District and the State are required to contribute to the SCHDTF at a rate set by Colorado statute. The contribution requirements for the SCHDTF are established under C.R.S. § 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 January 1, 2023 through December 31, 2023. Employer contribution requirements are summarized in the table below:

	January 1, 2023 Through December 31, 2023
Employer contribution rate	11.40%
Amount of employer contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f)	(1.02%)
Amount apportioned to the SCHDTF	10.38%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	4.50%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	5.50%
Total employer contribution rate to the SCHDTF	20.38%

Contribution rates for the SCHDTF are expressed as a percentage of salary as defined in C.R.S. § 24-51-101(42).

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from the District were \$2,151,151 for the year ended December 31, 2023.

For purposes of GASB 68 paragraph 15, a circumstance exists in which a nonemployer contributing entity is legally responsible for making contributions to the SCHDTF and is considered to meet the definition of a special funding situation. As specified in C.R.S. § 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 (TPL) used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2022. Standard update procedures were used to roll-forward the TPL to December 31, 2023. The District 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 December 31, 2023, the District reported a liability of \$26,958,765 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:

The District's proportionate share of the net pension liability	\$ 26,958,765
The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the District	1,275,231
Total	<u>\$ 28,233,996</u>

At December 31, 2023, the District proportion was 0.1596%, which was approximately the same as its proportion measured as of December 31, 2022.

For the year ended December 31, 2023, the District recognized pension revenue of \$47,168 for support from the State as a nonemployer contributing entity. At December 31, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 1,338,826	\$ -
Changes of assumptions or other inputs	-	-
Net difference between projected and actual earnings on pension plan investments	6,815,308	4,791,370
Contributions subsequent to the measurement date	1,075,575	N/A
Total	<u>\$ 9,229,709</u>	<u>\$ 4,791,370</u>

\$1,075,575 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended December 31, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

For the Plan Year Ended	
December 31:	
2024	\$ 615,129
2025	1,421,635
2026	1,890,326
2027	(564,327)
2028	-
Thereafter	-

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

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

¹Post-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.

The actuarial assumptions used in the December 31, 2022, valuation were based on the results of 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 regular experience studies prepared at least every five years for PERA. The most recent analyses were outlined in the Experience Study report dated October 28, 2020.

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

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

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

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

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

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

Employer contributions also include current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103%, at which point the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions reflect reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.

- As specified in law, the State, as a nonemployer contributing entity, will provide an annual direct distribution of \$225 million (actual dollars), commencing July 1, 2018, that is proportioned between the State, School, Judicial, and DPS Division Trust Funds based upon the covered payroll of each Division. The annual direct distribution ceases when all Division Trust Funds are fully funded.
- The AIR balance was excluded from the initial FNP, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the FNP and the subsequent AIR benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the middle of the year.
- Beginning with the December 31, 2023 measurement date and thereafter, the FNP as of the current measurement date is used as a starting point for the GASB 67 projection test.

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

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% increase (8.25%)
Proportionate share of the net pension liability	<u>\$ 36,048,353</u>	<u>\$ 26,958,765</u>	<u>\$ 19,379,148</u>

Pension Plan FNP. Detailed information about the SCHDTF’s FNP is available in PERA’s ACFR which can be obtained at www.copera.org/investments/pera-financialreports.

Note 9**Defined Contribution Pension Plans**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. Employees are immediately vested in their own contributions, employer contributions and investment earnings.

Deferred Compensation Plan (PERAPlus 457 Plan)

Plan Description. Employees of the District may voluntarily contribute to the Deferred Compensation Plan (PERAPlus 457 Plan), an Internal Revenue Code Section 457 deferred compensation plan administered by PERA. Title 24, Article 51, Part 16 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 457 Plan. That report can be obtained at www.copera.org/investments/pera-financial-reports.

Funding Policy. The PERAPlus 457 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 1603 of the C.R.S., as amended. Members are immediately vested in their own contributions, employer contributions and investment earnings.

Note 10**Defined Benefit Other Post Employment Benefit (OPEB) Plan**Summary of Significant Accounting Policies

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

General Information about the OPEB Plan

Plan description. Eligible employees of the District are provided with OPEB through the HCTF—a cost-sharing multiple-employer defined benefit OPEB plan administered by PERA. The HCTF is established under Title 24, Article 51, Part 12 of the Colorado Revised Statutes (C.R.S.), as amended, and sets forth a framework that grants authority to the PERA Board to

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

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

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

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

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

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

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

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the District were \$107,663 for the year ended December 31, 2023.

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

On December 31, 2023, the District reported a liability of \$679,327 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2023, and the total OPEB liability (TOL) used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2022. Standard update procedures were used to roll-forward the TOL to December 31, 2023. 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.

On December 31, 2023, the District’s proportion was 0.1004%, which was approximately the same as its proportion measured as of December 31, 2022.

For the year ended December 31, 2023, the District recognized OPEB income of \$20,711. On December 31, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 139,234
Changes of assumptions or other inputs	7,988	72,031
Net difference between projected and actual earnings on pension plan investments	21,010	-
Contributions subsequent to the measurement date	53,831	N/A
Total	\$ 82,829	\$ 211,265

\$53,831 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended December 31, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

For the Plan Year Ended	
December 31:	
2024	\$ (82,698)
2025	(43,763)
2026	(15,064)
2027	(30,128)
2028	(8,602)
Thereafter	\$ (2,010)

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

	State Division	School Division	Local Government Division	Judicial Division
Actuarial cost method			Entry age	
Price inflation			2.30%	
Real wage growth			0.70%	
Wage inflation			3.00%	
Salary increases, including wage inflation:				
Members other than State Troopers	3.30%-10.90%	3.40%-11.00%	2.80%-11.30%	3.80%-5.30%
State Troopers	3.20%-12.40%	N/A	3.20%-12.40%	N/A
Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation			7.25%	
Discount rate			7.25%	
Health care cost trend rates:				
PERA benefit structure:				
Service-based premium subsidy			0.00%	
PERACare Medicare plans			7.00% in 2023 Gradually decreasing to 4.50% in 2033	
Medicare Part A premiums			3.50% in 2023	
DPS benefit structure:				
Service-based premium subsidy			0.00%	
PERACare Medicare plans			N/A	
Medicare Part A premiums			N/A	

Each year the per capita health care costs are developed by plan option; currently based on 2023 premium rates for the UnitedHealthcare Medicare Advantage Prescription Drug (MAPD) PPO plan #1, the UnitedHealthcare MAPD PPO plan #2, and the Kaiser Permanente MAPD HMO plan. Actuarial morbidity factors are then applied to estimate individual retiree and spouse costs by age, gender, and health care cost trend. This approach applies for all members and is adjusted accordingly for those not eligible for premium-free Medicare Part A for the PERA benefit structure.

Age-Related Morbidity Assumptions		
Participant Age	Annual Increase (Male)	Annual Increase (Female)
65-68	2.2%	2.3%
69	2.8%	2.2%
70	2.7%	1.6%
71	3.1%	0.5%
72	2.3%	0.7%
73	1.2%	0.8%
74	0.9%	1.5%
75-85	0.9%	1.3%
86 and older	0.0%	0.0%

Sample Age	MAPD PPO #1 with Medicare Part A		MAPD PPO #2 with Medicare Part A	
	Retiree/Spouse		Retiree/Spouse	
	Male	Female	Male	Female
65	\$ 1,692	\$ 1,406	\$ 6,469	\$ 5,373
70	\$ 1,901	\$ 1,573	\$ 7,266	\$ 6,011
75	\$ 2,100	\$ 1,653	\$ 8,026	\$ 6,319

Sample Age	MAPD PPO #1 without Medicare Part A		MAPD PPO #2 without Medicare Part A	
	Retiree/Spouse		Retiree/Spouse	
	Male	Female	Male	Female
65	\$ 579	\$ 481	\$ 4,198	\$ 3,487
70	\$ 650	\$ 538	\$ 4,715	\$ 3,900
75	\$ 718	\$ 566	\$ 5,208	\$ 4,101

Sample Age	MAPD HMO (Kaiser) with Medicare Part A		MAPD HMO (Kaiser) without Medicare Part A	
	Retiree/Spouse		Retiree/Spouse	
	Male	Female	Male	Female
65	\$ 1,913	\$ 1,589	\$ 6,719	\$ 5,581
70	\$ 2,149	\$ 1,778	\$ 7,546	\$ 6,243
75	\$ 2,374	\$ 1,869	\$ 8,336	\$ 6,563

The 2023 Medicare Part A premium is \$506 (actual dollars) per month.

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

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

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

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

Mortality assumptions used in the December 31, 2022, valuation for the State Division, School Division, Local Government Division, and Judicial Division Trust Funds as shown below, reflect generational mortality and were applied, as applicable, in the December 31, 2022, valuation for the HCTF, but developed on a headcount-weighted basis. Affiliated employers of these four Division Trust Funds participate in the HCTF.

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

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

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

Pre-retirement mortality assumptions for the Judicial Division were based upon the PubG-2010(A) Above-Median Employee Table with generational projection using scale MP-2019.

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

- Males: 94% of the rates prior to age 80 and 90% of the rates for ages 80 and older, with generational projection using scale MP-2019.
- Females: 87% of the rates prior to age 80 and 107% of the rates for ages 80 and older, with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for Safety Officers were based upon the unadjusted PubS-2010 Healthy Retiree Table, with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for the School Division were based upon the Pub T-2010 Healthy Retiree Table, adjusted as follows:

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

Post-retirement non-disabled mortality assumptions for the Judicial Division were based upon the unadjusted PubG-2010(A) Above-Median Healthy Retiree Table with generational projection using scale MP-2019.

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

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

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

Disabled mortality assumptions for Safety Officers were based upon the unadjusted PubS-2010 Disabled Retiree Table with generational projection using scale MP-2019.

The 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:

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

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

Sensitivity of the District's proportionate share of the OPEB liability to changes in the Health Care Cost Trend Rates. The following presents the net OPEB liability or net OPEB asset 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%	6.25%	7.25%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate ¹	2.50%	4.00%	5.00%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB liability (asset)	<u>\$ 659,829</u>	<u>\$ 679,326</u>	<u>\$ 700,535</u>

¹For January 1, 2024, Plan Year

Discount rate. The discount rate used to measure the total OPEB liability was 7.25%. The basis for the projection of liabilities and the FNP used to determine the discount rate was an actuarial valuation performed as of December 31, 2022, and the financial status of each of the Health Care Trust Funds as of the current measurement date (December 31, 2023). 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 Health Care Trust Funds representing a portion of purchased service agreements intended to cover the costs associated with OPEB benefits.
- Benefit payments and contributions were assumed to be made at the middle of the year.
- Beginning with the December 31, 2023, measurement date and thereafter, the FNP as of the current measurement date is used as a starting point for the GASB 74 projection test.

Sensitivity of the District's proportionate share of Net OPEB liability to changes in the discount rate. The following presents the collective net OPEB liability or net OPEB asset for each of the Health Care Trust Funds calculated using the discount rate of 7.25% as of the measurement date, as well as if it were calculated using a discount rate that is 1-percentage point lower (6.25%) or 1-percentage point higher (8.25%):

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% increase (8.25%)
Proportionate share of the net OPEB liability	<u>\$ 802,369</u>	<u>\$ 679,326</u>	<u>\$ 574,062</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.

Note 11 Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District continues to carry commercial insurance for all risks of loss, including workers' compensation and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage or the deductible in any of the past three fiscal years. There has been no significant reduction in insurance coverage from the prior year in any of the major categories of risk.

Note 12 Commitments and Contingencies

Federal and state funding

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

TABOR Amendment

In November 1992, Colorado voters passed an amendment, commonly known as the Taxpayer's Bill of Rights (TABOR), to the State Constitution (Article X, Section 20) which limits the revenue raising and spending abilities of state and local governments. The limits on property taxes, revenue, and "fiscal year spending" include allowable annual increases tied to inflation and local growth in student enrollment. Fiscal year spending as defined by the amendment excludes spending from certain revenue and financing sources such as federal

funds, gifts, property sales, fund transfers, damage awards, and fund reserves (balances). The amendment requires voter approval for any increase in mill levy or tax rates, new taxes, or creation of multi-year debt. Revenue earned in excess of the "spending limit" must be refunded or approved to be retained by the District under specified requirements by the entire electorate. During the year ended June 30, 2002, the voters of the District approved a ballot initiative permitting the District to retain, appropriate, and utilize, by retention for reserve, carryover fund balance, or expenditure, the full proceeds and revenues received from every source whatsoever, without limitation, in this fiscal year and all subsequent fiscal years notwithstanding any limitation of Article X, Section 20 of the Colorado Constitution. TABOR is complex and subject to judicial interpretation. The District believes it is in compliance with the requirements of TABOR. However, the District has made certain interpretations of TABOR's language in order to determine its compliance. The District has reserved funds in the General Fund in the amount of \$515,000 for the emergency reserve.

Local Government Budget Law

Expenditures in the General, Scholarship and Child Care Center Funds exceeded their appropriations which may be in violation of Colorado Local Government Budget Laws.

Note 13

Joint Ventures

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

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

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

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

Note 14

Restatement of Net Position

The net position – beginning balance was restated from \$37,207,856 to \$37,094,533 due to classification differences. The restatement does not affect fund balances.

Brush School District RE-2(J)
Budget and Actual
General
For the year ended June 30, 2024

	<u>Budgeted Amounts</u>		<u>Actual</u>
	<u>Original</u>	<u>Final</u>	
REVENUES			
Local revenues	\$ 10,007,392	\$ 10,007,392	\$ 13,884,851
State revenues	8,111,200	8,111,200	7,618,654
Federal revenues	-	-	226,148
Total revenues	<u>18,118,592</u>	<u>18,118,592</u>	<u>21,729,653</u>
EXPENDITURES			
Instructional	11,119,804	11,119,804	10,102,758
Supporting services	6,759,538	6,759,538	9,856,948
Contingency	600,000	600,000	-
Debt Service:			
Principal	-	-	47,339
Capital Outlay	239,250	239,250	-
Total Expenditures	<u>18,718,592</u>	<u>18,718,592</u>	<u>20,007,045</u>
Excess (deficiency) of revenues over expenditures	<u>(600,000)</u>	<u>(600,000)</u>	<u>1,722,608</u>
Net change in fund balances	(600,000)	(600,000)	1,722,608
Fund balances - beginning	10,451,821	10,451,821	10,459,033
Fund balances - ending	<u>\$ 9,851,821</u>	<u>\$ 9,851,821</u>	<u>\$ 12,181,641</u>

Brush School District RE-2(J)
Budget and Actual
Title Programs
For the year ended June 30, 2024

	<u>Budgeted Amounts</u>		<u>Actual</u>
	<u>Original</u>	<u>Final</u>	
REVENUES			
Federal revenues	\$ 363,800	\$ 363,800	\$ 184,501
Total revenues	<u>363,800</u>	<u>363,800</u>	<u>184,501</u>
EXPENDITURES			
Instructional	363,800	363,800	184,501
Total Expenditures	<u>363,800</u>	<u>363,800</u>	<u>184,501</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	-	-
Fund balances - beginning	-	-	-
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Brush School District RE-2(J)
Schedule of the District's Proportionate Share of the Net Pension Liability
For the Year Ended June 30, 2024

	for the years ended December 31,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
District's proportion (percentage) of the collective net pension liability	0.1597%	0.1321%	0.1516%	0.1646%	0.1396%	0.1388%	0.1503%	0.1495%	0.1483%	0.1588%
District's proportionate share of the collective pension liability	\$ 26,958,765	\$ 24,050,407	\$ 17,637,096	\$ 24,889,605	\$ 20,852,730	\$ 24,581,851	\$ 48,586,470	\$ 44,506,341	\$ 22,679,462	\$ 21,526,445
State's proportionate share of the collective pension liability	1,275,231	7,008,530	2,021,868	-	2,644,904	3,361,227	-	-	-	-
Total	\$ 28,233,996	\$ 31,058,937	\$ 19,658,964	\$ 24,889,605	\$ 23,497,634	\$ 27,943,078	\$ 48,586,470	\$ 44,506,341	\$ 22,679,462	\$ 21,526,445
Payroll	\$ 10,555,197	\$ 10,186,015	\$ 9,471,749	\$ 8,800,829	\$ 8,201,044	\$ 7,631,964	\$ 6,930,991	\$ 6,708,983	\$ 6,462,300	\$ 6,653,306
District's proportionate share of the net pension liability as a percentage of its payroll	267.49%	236.11%	186.21%	282.81%	254.27%	322.09%	701.00%	663.38%	350.95%	323.55%
Plan fiduciary net pension as a percentage of the total pension liability	64.74%	61.79%	74.86%	66.99%	64.52%	57.01%	43.96%	43.10%	59.20%	62.84%

Brush School District RE-2(J)
Schedule of the District's Proportionate Share of the Net OPEB Liability
For the Year Ended June 30, 2024

	for the year ended December 31,									
	2023	2022	2021	2020	2019	2018	2017	2016		
District's proportion (percentage) of the collective net pension liability	0.0952%	0.1004%	0.0990%	0.0952%	0.0912%	0.0902%	0.0854%	0.0850%		
District's proportionate share of the collective OPEB liability	\$ 679,327	\$ 819,566	\$ 853,288	\$ 904,331	\$ 1,025,176	\$ 1,227,714	\$ 1,109,510	\$ 1,101,625		
Payroll	\$ 10,555,197	\$ 10,186,015	\$ 9,471,749	\$ 8,800,829	\$ 8,201,044	\$ 7,631,964	\$ 6,930,991	\$ 6,708,983		
District's proportionate share of the net pension liability as a percentage of its payroll	6.44%	8.05%	9.01%	10.28%	12.50%	16.09%	16.01%	16.42%		
Plan fiduciary net pension as a percentage of the total pension liability	46.16%	38.57%	39.40%	32.78%	24.49%	17.03%	17.53%	16.72%		

GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available.

Brush School District RE-2(J)
Schedule of Contributions and Related Ratios
For the Year Ended June 30, 2024

	for the years ended December 31,									
	2023	2022	2021	2020	2019	2018	2018	2016	2015	2014
Statutory required contributions	\$ 2,151,151	\$ 2,119,834	\$ 1,977,789	\$ 1,807,658	\$ 1,635,919	\$ 1,510,682	\$ 1,379,368	\$ 1,231,343	\$ 1,180,856	\$ 1,068,224
Contributions in relation to the statutorily required contribution	2,151,151	2,119,834	1,977,789	1,807,658	1,635,919	1,510,682	1,379,368	1,231,343	1,180,856	1,068,224
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Payroll	\$ 10,555,197	\$ 10,401,496	\$ 9,948,630	\$ 9,092,870	\$ 8,442,061	\$ 7,896,923	\$ 7,304,164	\$ 6,699,481	\$ 6,658,930	\$ 6,475,789
Contribution as a percentage of covered payroll	20.38%	20.38%	19.88%	19.88%	19.38%	19.13%	18.88%	18.38%	17.73%	16.87%

Brush School District RE-2(J)
Schedule of Contributions and Related Ratios OPEB
For the Year Ended June 30, 2024

	for the years ended December 31,							
	2023	2022	2021	2020	2019	2018	2017	2016
Statutory required contributions	\$ 107,663	\$ 106,095	\$ 101,476	\$ 92,747	\$ 86,109	\$ 80,549	\$ 74,502	\$ 68,335
Contributions in relation to the statutorily required contribution	107,663	106,095	101,476	92,747	86,109	80,549	74,502	68,335
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Payroll	\$ 10,555,497	\$ 10,401,496	\$ 9,948,630	\$ 9,092,870	\$ 8,442,061	\$ 7,896,923	\$ 7,304,164	\$ 6,699,481
Contribution as a percentage of payroll	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%

GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available.

Brush School District No. RE-2(J)
Notes to Required Supplementary Information
June 30, 2024

Note 1 Budgetary Data

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

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

Note 2 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.

Brush School District RE-2(J)
Balance Sheet
Other Governmental Funds
June 30, 2024

	Food Service	Pupil Activity	Scholarship	Child Care Center	Head Start	Total Special Revenue Funds	Fiduciary Funds	Total Governmental Funds
ASSETS								
Cash and cash equivalents	\$ 1,058,365	\$ 331,613	\$ 218,953	\$ -	\$ 15,861	\$ 1,624,792	\$ -	\$ 1,624,792
Investments	-	44,135	31,681	-	-	75,816	243,077	318,893
Due from other funds	649	-	21,111	-	-	21,760	-	21,760
Other receivables	1,000	-	-	-	251,268	252,268	-	252,268
Inventories	17,268	-	-	-	-	17,268	-	17,268
Total assets	<u>1,077,282</u>	<u>375,748</u>	<u>271,745</u>	<u>-</u>	<u>267,129</u>	<u>1,991,904</u>	<u>243,077</u>	<u>2,234,981</u>

LIABILITIES AND FUND BALANCES

Liabilities:								
Accounts payable	2,675	-	-	3,419	30,617	36,711	-	36,711
Due to other funds	-	-	-	14,031	-	14,031	3,750	17,781
Other accrued expenses	24,732	-	-	47,322	233,962	306,016	-	306,016
Total liabilities	<u>27,407</u>	<u>-</u>	<u>-</u>	<u>64,772</u>	<u>264,579</u>	<u>356,758</u>	<u>3,750</u>	<u>360,508</u>
Fund balances:								
Non-spendable-inventories	17,268	-	-	-	-	17,268	-	17,268
Assigned	1,032,607	375,748	271,745	(64,772)	2,550	1,617,878	239,327	1,857,205
Total fund balances	<u>1,049,875</u>	<u>375,748</u>	<u>271,745</u>	<u>(64,772)</u>	<u>2,550</u>	<u>1,635,146</u>	<u>239,327</u>	<u>1,874,473</u>
Total liabilities and fund balances	<u>\$ 1,077,282</u>	<u>\$ 375,748</u>	<u>\$ 271,745</u>	<u>\$ -</u>	<u>\$ 267,129</u>	<u>\$ 1,991,904</u>	<u>\$ 243,077</u>	<u>\$ 2,234,981</u>

Brush School District RE-2(J)
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2024

	Food Service	Pupil Activity	Scholarship	Child Care Center	Head Start	Total Special Revenue Funds	Fiduciary Funds	Total-Other Governmental Funds
REVENUES								
Student Activities	\$ -	\$ 481,422	\$ -	\$ -	-	481,422	-	\$ 481,422
Intergovernmental	870,331	-	-	-	740,824	1,611,155	-	1,611,155
Investment earnings	-	-	-	-	15	15	-	15
Miscellaneous	223,024	-	137,355	669,954	71	1,030,404	7,754	1,030,404
Total revenues	<u>1,093,355</u>	<u>481,422</u>	<u>137,355</u>	<u>669,954</u>	<u>740,910</u>	<u>3,122,996</u>	<u>7,754</u>	<u>3,122,996</u>
EXPENDITURES								
Instruction	-	513,007	107,250	-	-	620,257	-	620,257
Supporting services	1,049,075	-	-	765,289	738,360	2,552,724	-	2,552,724
Total Expenditures	<u>1,049,075</u>	<u>513,007</u>	<u>107,250</u>	<u>765,289</u>	<u>738,360</u>	<u>3,172,981</u>	<u>-</u>	<u>3,172,981</u>
Excess (deficiency) of revenues over expenditures	<u>44,280</u>	<u>(31,585)</u>	<u>30,105</u>	<u>(95,335)</u>	<u>2,550</u>	<u>(49,985)</u>	<u>7,754</u>	<u>(49,985)</u>
Net change in fund balances	44,280	(31,585)	30,105	(95,335)	2,550	(49,985)	7,754	(49,985)
Fund balances - beginning	1,005,595	407,333	241,640	30,563	-	1,685,131	231,573	1,924,458
Fund balances - ending	<u>\$ 1,049,875</u>	<u>\$ 375,748</u>	<u>\$ 271,745</u>	<u>\$ (64,772)</u>	<u>\$ 2,550</u>	<u>\$ 1,635,146</u>	<u>\$ 239,327</u>	<u>\$ 1,874,473</u>

Brush School District RE-2(J)
Budget and Actual
Food Service
For the year ended June 30, 2024

	<u>Budgeted Amounts</u>		<u>Actual</u>
	<u>Original</u>	<u>Final</u>	
REVENUES			
Intergovernmental	\$ 962,358	\$ 962,358	\$ 870,331
Local revenues	216,800	216,800	223,024
Total revenues	<u>1,179,158</u>	<u>1,179,158</u>	<u>1,093,355</u>
EXPENDITURES			
Support Services:			
Supporting services	<u>1,179,158</u>	<u>1,179,158</u>	<u>1,049,075</u>
Total Expenditures	<u>1,179,158</u>	<u>1,179,158</u>	<u>1,049,075</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>44,280</u>
Net change in fund balances	-	-	44,280
Fund balances - beginning	719,600	719,600	1,005,595
Fund balances - ending	<u>\$ 719,600</u>	<u>\$ 719,600</u>	<u>\$ 1,049,875</u>

Brush School District RE-2(J)
Budget and Actual
Pupil Activity
For the year ended June 30, 2024

	<u>Budgeted Amounts</u>		<u>Actual</u>
	<u>Original</u>	<u>Final</u>	
REVENUES			
Student activities	\$ 550,000	\$ 550,000	\$ 481,422
Total revenues	<u>550,000</u>	<u>550,000</u>	<u>481,422</u>
EXPENDITURES			
Student activities	550,000	550,000	513,007
Total Expenditures	<u>550,000</u>	<u>550,000</u>	<u>513,007</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>(31,585)</u>
Net change in fund balances	-	-	(31,585)
Fund balances - beginning	376,998	376,998	407,333
Fund balances - ending	<u>\$ 376,998</u>	<u>\$ 376,998</u>	<u>\$ 375,748</u>

Brush School District RE-2(J)
Budget and Actual
Head Start
For the year ended June 30, 2024

	<u>Budgeted Amounts</u>		<u>Actual</u>
	<u>Original</u>	<u>Final</u>	
REVENUES			
Intergovernmental	\$ 847,572	\$ 847,572	\$ 740,824
Investment earnings	-	-	15
Miscellaneous	-	-	71
Total revenues	<u>847,572</u>	<u>847,572</u>	<u>740,910</u>
OPERATING EXPENSES			
Supporting services	<u>847,572</u>	<u>847,572</u>	<u>738,360</u>
Total Operating Expenses	<u>847,572</u>	<u>847,572</u>	<u>738,360</u>
Operating income (loss)	<u>-</u>	<u>-</u>	<u>2,550</u>
Net change in fund balances	-	-	2,550
Fund balances - beginning	-	-	-
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,550</u>

Brush School District RE-2(J)
Budget and Actual
Scholarship
For the year ended June 30, 2024

	<u>Budgeted Amounts</u>		<u>Actual</u>
	<u>Original</u>	<u>Final</u>	
REVENUES			
Miscellaneous	\$ -	\$ -	\$ 137,355
Total revenues	<u>-</u>	<u>-</u>	<u>137,355</u>
EXPENDITURES			
Instruction	-	-	107,250
Total Expenditures	<u>-</u>	<u>-</u>	<u>107,250</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>30,105</u>
Net change in fund balances	-	-	30,105
Fund balances - beginning	-	-	241,640
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 271,745</u>

Brush School District RE-2(J)
Budget and Actual
Child Care Center
For the year ended June 30, 2024

	<u>Budgeted Amounts</u>		<u>Actual</u>
	<u>Original</u>	<u>Final</u>	
REVENUES			
Miscellaneous	\$ 444,500	\$ 444,500	\$ 669,954
Total revenues	<u>444,500</u>	<u>444,500</u>	<u>669,954</u>
EXPENDITURES			
Supporting services	<u>444,500</u>	<u>444,500</u>	<u>765,289</u>
Total Expenditures	<u>444,500</u>	<u>444,500</u>	<u>765,289</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>(95,335)</u>
Net change in fund balances	-	-	(95,335)
Fund balances - beginning	-	-	30,563
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (64,772)</u>

Brush School District RE-2(J)
Budget and Actual
Bond Redemption
For the year ended June 30, 2024

	<u>Budgeted Amounts</u>		<u>Actual</u>
	<u>Original</u>	<u>Final</u>	
REVENUES			
Local revenues	\$ 3,275,000	\$ 3,275,000	\$ 3,537,717
Total revenues	<u>3,275,000</u>	<u>3,275,000</u>	<u>3,537,717</u>
EXPENDITURES			
Debt Service:			
Principal	1,681,447	1,681,447	1,635,004
Interest expense	1,108,395	1,108,395	1,108,406
Total Expenditures	<u>2,789,842</u>	<u>2,789,842</u>	<u>2,743,410</u>
Excess (deficiency) of revenues over expenditures	<u>485,158</u>	<u>485,158</u>	<u>794,307</u>
Net change in fund balances	485,158	485,158	794,307
Fund balances - beginning	3,995,002	3,995,002	4,389,921
Fund balances - ending	<u>\$ 4,480,160</u>	<u>\$ 4,480,160</u>	<u>\$ 5,184,228</u>

Brush School District RE-2(J)
Budget and Actual
Fiduciary Funds
For the year ended June 30, 2024

	<u>Budgeted Amounts</u>		<u>Actual</u>
	<u>Original</u>	<u>Final</u>	
REVENUES			
Miscellaneous	\$ 135,000	\$ 135,000	\$ 7,754
Total revenues	<u>135,000</u>	<u>135,000</u>	<u>7,754</u>
EXPENDITURES			
Scholarships	135,000	135,000	-
Total Expenditures	<u>135,000</u>	<u>135,000</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>7,754</u>
Net change in fund balances	-	-	7,754
Fund balances - beginning	310,336	310,336	251,573
Fund balances - ending	<u>\$ 310,336</u>	<u>\$ 310,336</u>	<u>\$ 259,327</u>



Colorado Department of Education
Auditors Integrity Report
 District: 2395 - Brush RE-2(J)

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	10,484,453		21,704,234		20,007,045		12,181,642
18 Risk Mgmt Sub-Fund of General Fund	0		0		0		0
19 Colorado Preschool Program Fund	0		0		0		0
Sub-Total	10,484,453		21,704,234		20,007,045		12,181,642
11 Charter School Fund	0		0		0		0
20-26-29 Special Revenue Fund	272,203		1,548,219		1,610,899		209,522
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	1,005,595		1,093,355		1,049,075		1,049,875
22 Govt Designated-Purpose Grants Fund	0		184,501		184,501		0
23 Pupil Activity Special Revenue Fund	407,334		482,493		514,078		375,749
25 Transportation Fund	0		0		0		0
31 Bond Redemption Fund	4,389,921		3,537,717		2,743,410		5,184,228
39 Certificate of Participation (COP) Debt Service Fund	0		0		0		0
41 Building Fund	0		0		0		0
42 Special Building Fund	0		0		0		0
43 Capital Reserve Capital Projects Fund	0		0		0		0
46 Supplemental Cap Const, Tech, Main Fund	0		0		0		0
Totals	16,559,506		28,550,517		26,109,007		19,001,016
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	231,573		7,754		0		239,327
73 Agency Fund	0		0		0		0
74 Pupil Activity Agency Fund	-415		415		0		0
79 GASB 34 Permanent Fund	0		0		0		0
85 Foundations	0		0		0		0
Totals	231,158		8,169		0		239,327

FINAL

Brush School District RE-2(J)
Schedule of Expenditure of Federal Awards
For the Year Ended June 30, 2024

<u>GRANT TITLE</u>	<u>GRANT CODE</u>	<u>FEDERAL ALN</u>	<u>AMOUNT OF AWARD EXPENDED</u>	
DEPARTMENT OF AGRICULTURE:				
National School Lunch Program Cluster				
Summer Food Service Program	4559	10.559	19,976	
Seamless Summer Option Breakfast	5553	10.553	152,456	
National School Lunch Program	4555	10.555	401,189	
Supply Chain Assistance	6555	10.555	31,813	
Commodities Received	4555	10.555	56,890	
Cluster Total				662,324
State Reimbursement-FFVP	4582	10.582	<u>34,661</u>	34,661
DEPARTMENT OF EDUCATION/ COLORADO DEPARTMENT OF EDUCATION:				
Title I Esser III-ARP	4414	84.425U	<u>226,148</u>	226,148
DEPARTMENT OF HEALTH AND HUMAN SERVICES:				
Head Start Cluster				
Head Start	4600	93.360	<u>740,824</u>	740,824
TOTAL FEDERAL FINANCIAL AWARDS				<u><u>\$1,663,957</u></u>

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE 1: BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Brush School District RE-2(J) and is presented on the modified accrual basis of accounting.

Brush School District RE-2(J) also received non-cash commodities of \$56,890 which is valued at amounts determined by the Colorado Department of Education and USDA.

Brush School District RE-2(J) does not use the de minimis cost rate.

Brush School District RE-2(J) did not have any sub-recipients.



Independent Auditor's Report

Board of Education
Brush School District NO. RE-2 (J)

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Brush School District NO. RE-2 (J) (the "District") as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated February 27, 2025.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

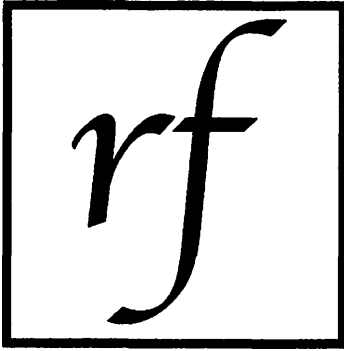
As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material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

Purpose of this Report

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

rfarmer, llc

February 27, 2025



Independent Auditor's Report

Board of Education
Bruch School District no. RE-2 (J)

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Bruch School District no. RE-2 (J)'s (the "District") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2024. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

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

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

Report on Internal Control Over Compliance

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

compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

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

rfarmer, llc

February 27, 2025

Brush School District RE-2(J)
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2024

Section I: Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: **Unmodified**

Internal control over financial reporting:		
• Material weakness(es) identified?	___ Yes	<u>X</u> No
• Significant deficiency(ies) identified?	___ Yes	<u>X</u> None Reported
Noncompliance material to financial statements noted?	___ Yes	<u>X</u> No

Federal Awards

Internal control over major federal programs:		
• Material weakness(es) identified?	___ Yes	<u>X</u> No
• Significant deficiency(ies) identified?	___ Yes	<u>X</u> None Reported
Type of auditor's report issued on compliance for major federal programs:	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	___ Yes	<u>X</u> No
Identification of major federal programs:		
Assistance Listing Number(s)	93.600	Name of Federal Program or Cluster
		Head Start
Dollar threshold used to distinguish between type A and type B programs:	\$ <u>750,000</u>	
Auditee qualified as a low-risk auditee?	<u>X</u> Yes	___ No

Section II: Financial Statement Findings

There are no findings to report.

Section III: Federal Awards Findings

There are no findings to report.