

***Lone Star School District 101***  
**Otis, Colorado**

**Financial Statements**

**For the Year ended June 30, 2024**

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## **Independent Auditors' Report**

Board of Education  
Lone Star School District 101  
Otis, Colorado

### **Opinions**

We have audited the accompanying financial statements of the governmental activities and each major fund of Lone Star School District 101 (the District), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of June 30, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinions**

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

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

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

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

## **Auditors' Responsibilities for the Audit of the Financial Statements**

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

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

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

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

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and historical pension and other post-employment benefit information listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the

United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Other Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The other supplementary information and the auditors' integrity report listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information and the auditors' integrity report are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

Sterling, Colorado  
December 10, 2024

**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
**Required Supplementary Information**  
**June 30, 2024**

The discussion and analysis of Lone Star School District 101's (the District) financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2024. The intent of this discussion and analysis is to look at the District's financial performance as a whole. Readers should also review the financial statements, financial statement footnotes, budgetary comparison schedules and additional supplementary information to broaden their understanding of the District's financial performance.

**Financial Highlights**

The District's budget continues to remain fairly constant. Any increases in revenue are generally used to offset the cost of salary and benefits for additional staff and/or programs. The District continues to maintain a healthy fund balance in the General Fund. The District budgets sufficient contingencies greater than required by law to cover any unanticipated operational needs.

**Using the Basic Financial Statements**

The basic financial statements consist of the Management's Discussion and Analysis (this section) and a series of financial statements and notes to those statements. These statements are organized so that the reader can first understand the District as an operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The first two statements are government-wide financial statements – the Statement of Net Position and the Statement of Activities. Both provide long and short-term information about the District's overall financial status.

The remaining statements are fund financial statements that focus on individual parts of the District's operations in more detail. The governmental fund statements tell how general District services were financed in the short-term as well as what remains for future spending.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

**Financial Analysis of the District as a Whole**

The District's total net position was \$3,337,406 as of June 30, 2024.

The District's governmental net position increased by \$823,094 from 2022-2023. The District's governmental net position increase is primarily due to the inclusion of PERA liability, State of Colorado on behalf payments to PERA, and the purchase of assets.

## Government-Wide Financial Statements

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

The two government-wide statements report the District's net position and how they have changed. The change in net position is important because it tells the reader that for the District as a whole, the financial position of the District has improved or diminished. The causes of this change may be the result of various factors, some financial, some not. Non-financial factors include facility conditions and required educational programs.

In the Statement of Net Position and the Statement of Activities, the District uses the Governmental Activities to report the majority of the District's programs and services, including instruction, support services, operations and maintenance of plant, pupil transportation and extracurricular activities.

A condensed summary of the District's Net Position is as follows:

	<u>2024</u>	<u>2023</u>
Assets		
Current Assets	\$ 4,424,143	\$ 3,945,337
Capital Assets – Net	<u>2,196,905</u>	<u>1,637,188</u>
Total Assets	6,621,048	5,582,525
Deferred Outflows of Resources	<u>855,086</u>	<u>1,257,313</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 7,476,134</u>	<u>\$ 6,839,838</u>
Liabilities		
Current Liabilities	\$ 255,041	\$ 200,432
Noncurrent Liabilities	<u>3,632,110</u>	<u>3,012,065</u>
Total Liabilities	3,887,151	3,212,497
Deferred Inflows of Resources	<u>251,577</u>	<u>1,113,029</u>
Total Liabilities and Deferred Inflows of Resources	4,138,728	4,325,526
Net Position		
Net Investment in Capital Assets	2,196,905	1,637,188
Restricted Net Position	127,223	82,000
Unrestricted Net Position	<u>1,013,278</u>	<u>795,124</u>
Total Net Position	<u>3,337,406</u>	<u>2,514,312</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 7,476,134</u>	<u>\$ 6,839,838</u>

Most of the District's net position is investment in capital assets (buildings, land and equipment). The remaining net position is a combination of restricted and unrestricted amounts. The restricted balances are amounts legally restricted for State required emergency reserves and food service programs.

A condensed summary of the District's Activities and Changes in Net Position is as follows:

	<u>2024</u>	<u>2023</u>
Program Revenues		
Charges for Services	\$ 3,777	\$ 164,319
Operating Grants and Contributions	<u>958,363</u>	<u>412,255</u>
Total Program Revenues	962,140	576,574
General Revenues		
Property Taxes	796,794	610,425
Specific Ownership Taxes	84,557	67,385
Delinquent Taxes and Interest	278	-
State Equalization	1,674,474	1,622,672
Earnings on Investments	85,059	40,152
Miscellaneous	<u>147,319</u>	<u>8,767</u>
Total General Revenues	<u>2,788,481</u>	<u>2,349,401</u>
Total Revenues	3,750,621	2,925,975
Expenses		
Instruction	1,644,469	1,548,709
Supporting Services	<u>1,283,058</u>	<u>1,097,695</u>
Total Expenses	<u>2,927,527</u>	<u>2,646,404</u>
Change in Net Position	823,094	279,571
Net Position – Beginning	<u>2,514,312</u>	<u>2,234,741</u>
Net Position – Ending	<u>\$ 3,337,406</u>	<u>\$ 2,514,312</u>

The District's governmental net position increase is primarily due to the inclusion of PERA liability, the State of Colorado on behalf payments to PERA, and the purchase of capital assets.

### **Reporting the District's Most Significant Funds**

The analysis of the District's major funds begins on page 16. Fund financial reports provide detailed information about the District's major funds, the General Fund, the Food Service Fund and the Pupil Activity Fund.

### **Governmental Funds**

All of the District's activities are reported in the governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending in future periods. These funds are reported using an accounting method called modified accrual

accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps the reader determine whether there are more or less financial resources that can be spent in the near future to finance educational programs. The relationship between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements of the Governmental Funds. The General Fund accounts for the majority of the District's instruction and support operations; the Food Service Fund accounts for the District's food service operations; and the Pupil Activity Fund accounts for the District's pupil intrascholastic and interscholastic athletic and other related activities.

**Fund Financial Statements**

As of June 30, 2024, the District's governmental funds reported a combined fund balance of \$4,167,153, which is an increase of \$422,248 from the June 30, 2023 balance.

**Capital Assets**

As of June 30, 2024, the District had \$2,196,905 invested in a broad range of capital assets, including land, buildings, furniture and equipment. This amount represents a net increase of \$559,718 from the prior year due to the purchase of new assets.

A summary of the District's Governmental Activities Capital Assets is as follows:

	<u>2024</u>	<u>2023</u>
Capital Assets, Not Being Depreciated		
Land	\$ 4,725	\$ 4,725
Capital Assets, Being Depreciated		
Land Improvements	70,338	74,244
Buildings and Improvements	1,245,119	1,296,598
Other Equipment	636,866	25,814
Food Service Equipment	4,712	7,853
Licensed Vehicles	<u>235,145</u>	<u>227,953</u>
Total Capital Assets, Being Depreciated	<u>2,192,180</u>	<u>1,632,462</u>
Net Governmental Activities Capital Assets	<u>\$ 2,196,905</u>	<u>\$ 1,637,187</u>

**Debt Administration**

As of June 30, 2024, the District had total outstanding long-term obligations as follows:

	<u>2024</u>	<u>2023</u>
Accrued Compensated Absences	\$ <u>30,472</u>	\$ <u>25,250</u>

The accrued compensated absences represent the amounts to be funded for earned but unused vacation and sick leave.

**General Fund Budget**

The Board of Education adopts the District's budget in June of each year. Changes are then made when student enrollment is finalized. The adoption of supplemental budgets is allowed throughout the year when unanticipated additional revenues are received. The majority of changes to the General Fund budget are in the area of salary and benefits due to staff changes. Program funding is based upon student enrollment on October 1<sup>st</sup> of each year. This per pupil funding is a combination of property taxes, specific ownership taxes and state equalization. General Fund revenues were 35.50% higher than budgeted, while expenditures were 4.86% under budget.

**Economic Factors and Next Year's Budget**

The District has long-term capital needs including updating the heating system, boiler, and fire alarm system.

The negative factor has caused the District to lose funding of more than two million dollars from 2010 to 2024. Although the District has received minimum relief with the negative factor, it is still not receiving all monies from the State that were appropriated.

**Requests for Information**

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Superintendent, 44940 County Road 54, Otis, Colorado 80743.

## **Basic Financial Statements**

The basic financial statements of the District include the following:

*Government-wide financial statements.* The government-wide statements display information about the reporting government as a whole.

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

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

**LONE STAR SCHOOL DISTRICT 101**  
**Statement of Net Position**  
**June 30, 2024**

	<u>Governmental Activities</u>
<b>Assets</b>	
Cash	\$ 3,426,361
Cash with fiscal agent	14,398
Investments	713,864
Receivables	265,469
Inventory	4,051
Capital assets, net of depreciation	<u>2,196,905</u>
Total assets	6,621,048
<b>Deferred outflows of resources</b>	
Pension deferrals	840,923
Other post-employment benefit deferrals	<u>14,163</u>
Total deferred outflows of resources	<u>855,086</u>
Total assets and deferred outflows of resources	<u><u>\$ 7,476,134</u></u>
<b>Liabilities</b>	
Accounts payable	\$ 40,502
Accrued salaries and benefits	208,072
Unearned revenue	2,148
Unearned grant revenue	4,319
Noncurrent liabilities	
Due in more than one year	30,472
Net pension liability	3,516,723
Net other post-employment benefit liability	<u>84,915</u>
Total liabilities	3,887,151
<b>Deferred inflows of resources</b>	
Pension deferrals	222,833
Other post-employment benefit deferrals	<u>28,744</u>
Total deferred inflows of resources	251,577
<b>Net position</b>	
Net investment in capital assets	2,196,905
Restricted for emergencies	92,000
Restricted for food service	35,223
Unrestricted	<u>1,013,278</u>
Total net position	<u>3,337,406</u>
Total liabilities, deferred inflows of resources and net position	<u><u>\$ 7,476,134</u></u>

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

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**LONE STAR SCHOOL DISTRICT 101**  
**Statement of Activities**  
**For the Year Ended June 30, 2024**

	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Governmental activities				
Instruction	\$ 1,644,469		\$ 408,341	
Supporting services				
Students	121,904		101,666	
Instructional staff	1,063			
General administration	228,369			
School administration	93,883			
Business services	88,209		3,595	
Operations and maintenance	284,116		281,250	
Student transportation	192,556		67,790	
Central support services	107,436			
Food service operations	110,137	\$ 3,777	95,721	
Unallocated depreciation *	55,385			
Total governmental activities	<u>\$ 2,927,527</u>	<u>\$ 3,777</u>	<u>\$ 958,363</u>	<u>\$ -</u>

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

General revenues  
 Taxes  
   Property taxes, levied for general purposes  
   Specific ownership taxes  
   Delinquent taxes and interest  
 State equalization  
 Earnings on investments  
 Other

Total general revenues

Change in net position

Net position at beginning of year

Net position at end of year

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

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Net (Expenses)  
Revenues and  
Changes in  
Net Position

Total  
Governmental  
Activities

\$ (1,236,128)

(20,238)

(1,063)

(228,369)

(93,883)

(84,614)

(2,866)

(124,766)

(107,436)

(10,639)

(55,385)

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(1,965,387)

796,794

84,557

278

1,674,474

85,059

147,319

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2,788,481

823,094

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2,514,312

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\$ 3,337,406

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**LONE STAR SCHOOL DISTRICT 101**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2024**

	General Fund	Food Service Fund	Pupil Activity Fund	Total Governmental Funds
<b>Assets</b>				
Cash	\$ 3,234,930	\$ 37,778	\$ 153,653	\$ 3,426,361
Cash with fiscal agent	14,398			14,398
Investments	686,639		27,225	713,864
Interest receivable	4,698			4,698
Property taxes receivable	5,495			5,495
Grants receivable	250,373			250,373
Other receivables	3,500	1,403		4,903
Inventory		4,051		4,051
<b>Total assets</b>	<b>\$ 4,200,033</b>	<b>\$ 43,232</b>	<b>\$ 180,878</b>	<b>\$ 4,424,143</b>
<b>Liabilities</b>				
Accounts payable	\$ 40,256	\$ 246		\$ 40,502
Accrued salaries and benefits	206,776	1,296		208,072
Unearned revenues		2,148		2,148
Unearned grant revenues		4,319		4,319
<b>Total liabilities</b>	<b>247,032</b>	<b>8,009</b>	<b>\$ -</b>	<b>255,041</b>
<b>Deferred inflows of resources</b>				
Deferred property tax revenues	1,949			1,949
<b>Total deferred inflows of resources</b>	<b>1,949</b>	<b>-</b>	<b>-</b>	<b>1,949</b>
<b>Fund balance</b>				
<b>Nonspendable:</b>				
Inventory		4,051		4,051
<b>Restricted for:</b>				
Emergencies	92,000			92,000
Food service		31,172		31,172
<b>Committed to:</b>				
Pupil activities			180,878	180,878
Unassigned	3,859,052			3,859,052
<b>Total fund balance</b>	<b>3,951,052</b>	<b>35,223</b>	<b>180,878</b>	<b>4,167,153</b>
<b>Total liabilities, deferred inflows of resources and fund balance</b>	<b>\$ 4,200,033</b>	<b>\$ 43,232</b>	<b>\$ 180,878</b>	<b>\$ 4,424,143</b>

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

**LONE STAR SCHOOL DISTRICT 101**  
**Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position**  
**June 30, 2024**

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Amounts reported for governmental activities in the statement of net position is different because:

Total fund balance - governmental funds	\$ 4,167,153
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the governmental funds.	2,196,905
Certain receivables will be collected this year, but are not available soon enough to pay for the current period's expenditures, and therefore are deferred in the funds.	1,949
Deferred outflows of resources used in governmental activities are not current financial resources and, therefore, not reported in the governmental funds.	855,086
Long-term liabilities, including net pension and OPEB liabilities, are not due and payable in the current period and, therefore, are not reported in the governmental funds.	(3,632,110)
Deferred inflows of resources used in governmental activities are not current financial resources and, therefore, not reported in the governmental funds.	<u>(251,577)</u>
Net position of the governmental activities	<u><u>\$ 3,337,406</u></u>

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

**LONE STAR SCHOOL DISTRICT 101**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Governmental Funds**  
**For the Year Ended June 30, 2024**

	General Fund	Food Service Fund	Pupil Activity Fund	Total Governmental Funds
<b>Revenues</b>				
Local sources	\$ 974,348	\$ 3,777	\$ 137,545	\$ 1,115,670
Intermediate sources	165			165
State sources	1,908,586	34,364		1,942,950
Federal sources	621,312	61,357		682,669
<b>Total revenues</b>	<b>3,504,411</b>	<b>99,498</b>	<b>137,545</b>	<b>3,741,454</b>
<b>Expenditures</b>				
Instruction	1,673,063		112,692	1,785,755
Supporting services	1,426,455	106,996		1,533,451
<b>Total expenditures</b>	<b>3,099,518</b>	<b>106,996</b>	<b>112,692</b>	<b>3,319,206</b>
Excess of revenues over (under) expenditures	404,893	(7,498)	24,853	422,248
<b>Other financing sources (uses)</b>				
Transfers in		30,000		30,000
Transfers out	(30,000)			(30,000)
<b>Total other financing sources (uses)</b>	<b>(30,000)</b>	<b>30,000</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balance</b>	<b>374,893</b>	<b>22,502</b>	<b>24,853</b>	<b>422,248</b>
Fund balance at beginning of year	3,576,159	12,721	156,025	3,744,905
<b>Fund balance at end of year</b>	<b>\$ 3,951,052</b>	<b>\$ 35,223</b>	<b>\$ 180,878</b>	<b>\$ 4,167,153</b>

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

**LONE STAR SCHOOL DISTRICT 101**  
**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**

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

Net change in fund balances - governmental funds	\$ 422,248
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities, those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expense in the statement of activities. This is the amount by which capital outlay exceeded depreciation in the current period.	559,718
In the statement of activities, certain expenses related to the pension and OPEB liabilities and related deferred outflows and inflows, and compensated absences, are measured by the amounts incurred during the year. In the governmental funds, however, expenditures for those items are measured by the amount of financial resources used (essentially, the amounts actually paid).	(160,821)
Because some revenues will not be collected for several months after the fiscal year ends, they are not considered as "available" revenues in the governmental funds and are, instead, counted as deferred or unearned revenues. They are, however, recorded as revenues in the statement of activities.	1,949
Change in net position of governmental activities	<u>\$ 823,094</u>

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

**LONE STAR SCHOOL DISTRICT 101**  
**Notes to Financial Statements**

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

This summary of the Lone Star School District 101's significant accounting policies is presented to assist the reader in interpreting the financial statements and other data in this report. The policies are considered essential and should be read in conjunction with the accompanying financial statements.

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

**A.1 – Reporting entity**

The Lone Star School District 101 is a school district governed by an elected five-member board of education. The financial reporting entity consists of (1) the primary government, (2) organizations for which the primary government is financially accountable, and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The reporting entity's financial statements should present the funds of the primary government (including its blended component units, which are, in substance, part of the primary government) and provide an overview of the discretely presented component units.

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

**A.2 – Fund accounting**

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

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

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

**LONE STAR SCHOOL DISTRICT 101**  
**Notes to Financial Statements**

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

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

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

Food Service Fund – This fund is a special revenue fund used to account for sales to customers, as well as dedicated grants received from state and federal sources that are associated with the operation of the District's food service program.

Pupil Activity Fund – This fund is a special revenue fund used to account for revenues from pupils, gate receipts and other fund-raising activities related to school sponsored pupil intrascholastic and interscholastic athletic and other related activities.

**Note A.3 – Basis of presentation**

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

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

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

**LONE STAR SCHOOL DISTRICT 101**  
**Notes to Financial Statements**

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

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

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

**A.4 – Basis of accounting**

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

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

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.

**LONE STAR SCHOOL DISTRICT 101**  
**Notes to Financial Statements**

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

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.

**A.5 – Encumbrances**

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

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

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

**LONE STAR SCHOOL DISTRICT 101**  
**Notes to Financial Statements**

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

**A.7 – Inventories**

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

**A.8 – Capital assets**

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

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

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

<u>Description</u>	<u>Governmental Activities</u>
Buildings and improvements	10-75 years
Furniture and equipment	8-25 years
Licensed vehicles	5-15 years

**LONE STAR SCHOOL DISTRICT 101**  
**Notes to Financial Statements**

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

**A.9 – Compensated absences**

It is the District's policy to permit employees to accumulate a limited number of temporary leave days each year. Twelve-month employees will earn 12 days of temporary leave per year, ten-month employees will earn 10 days per year, and nine-month employees will earn 9 days per year. Upon termination of employment for reasons other than retirement, an employee shall waive all rights to any accumulated leave. Certified employees who are eligible for retirement will be paid for a maximum of 45 days of accrued temporary leave not taken based upon a proration of the current base teacher substitute rate of pay.

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

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

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, the noncurrent portion of compensated absences that will be paid from governmental funds is reported as a liability in the fund financial statements only to the extent that it 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.

**A.11 – Fund balance**

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

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

- *Nonspendable*, such as fund balance associated with inventories, prepaid expenditures, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed or assigned),
- *Restricted* fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation,
- *Committed* fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the board of education (the District's highest level of decision-making authority),

**LONE STAR SCHOOL DISTRICT 101**  
**Notes to Financial Statements**

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

- *Assigned* fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed, and
- *Unassigned* fund balance is the residual classification for the District's general fund and includes all spendable amounts not contained in the other classifications.

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

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

**A.12 – Net Position**

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

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

**A.13 – Interfund transactions**

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. In general, the effect of interfund activity has been eliminated from the government-wide financial statements.

**LONE STAR SCHOOL DISTRICT 101**  
**Notes to Financial Statements**

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

**A.13 – Interfund transactions**

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. In general, the effect of interfund activity has been eliminated from the government-wide financial statements.

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

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

**Note B – Cash and investments**

**Cash and deposits**

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

Custodial credit risk – deposits – Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have deposit policy for custodial credit risk. As of year-end, the District had total deposits of \$3,441,595, of which \$250,000 was insured and \$3,191,595 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:

**LONE STAR SCHOOL DISTRICT 101**  
**Notes to Financial Statements**

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

- 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

The following are the major categories of investments measured at fair value on a recurring basis during the year, using quoted market prices in active markets (Level 1), significant observable inputs for similar assets (Level 2) and significant unobservable inputs (Level 3):

	Fair Value (Level 2)	Weighted Average Maturities	Rating
Treasury Securities	\$ 197,097	2.39	N/A
Other Government Securities	410,772	1.60	Aaa/AAA - Aa3/AA-
Mutual Funds	26,587	-	N/A
Corporate Bonds and Commercial Paper	39,979	1.67	Aaa/AAA - Aa3/AA-
Cash and Cash Alternatives	<u>39,429</u>	-	N/A
<b>Total Investments</b>	<b><u>\$ 713,864</u></b>		

Following is a description of the valuation methodologies used for assets measured at fair value on a recurring basis:

- Money Market Funds – valued at quoted market prices.
- U.S. Agency Securities – valued at quoted market prices.

The District recognizes transfers between levels in the fair value hierarchy at the end of the reporting period. There were not changes in the methods or assumptions utilized to derive the fair value of the District's investments.

Concentration of credit risk – the District places no limit on the amount that may be invested in any one issuer. The District invests excess funds under the prudent investor rule. The criteria for selection of investments and their order of priority are: 1) safety; 2) liquidity; and 3) yield.

**LONE STAR SCHOOL DISTRICT 101**  
**Notes to Financial Statements**

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

More than 5% of the District’s investments are in California Health Facilities Financing Authority, Colorado Housing and Finance Authority, Federal Farm Credit Banks, and Private Export Funding Corporation. These investments were 5.41%, 5.41%, 5.29% and 6.08%, respectively, of the District’s total investments.

Interest rate risk – Colorado Statutes require that no investment may have a maturity in excess of five years from the date of purchase unless authorized by the governing board.

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.

**Note C – Receivables**

Receivables at year-end consist of the following:

	<u>Governmental Activities</u>
Interest receivable	\$ 4,698
Property taxes receivable	5,495
Grants receivable	250,373
Other receivables	<u>4,903</u>
Total	<u>\$ 265,469</u>

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

**Note D – Interfund transactions**

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

	<u>Transfers In</u>	<u>Transfers Out</u>
<u>Governmental funds</u>		
General Fund	\$ -	\$ 30,000
Food Service Fund	<u>30,000</u>	<u>-</u>
Total	<u>\$ 30,000</u>	<u>\$ 30,000</u>

**LONE STAR SCHOOL DISTRICT 101**  
**Notes to Financial Statements**

**Note D – Interfund transactions (Continued)**

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them. The District transferred funds in the amount of \$30,000 from the General Fund to the Food Service Fund to subsidize the costs of maintaining the District’s food service operations.

**Note E – Capital assets**

Capital asset activity for the year was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions/ Transfers</u>	<u>Ending Balance</u>
<b>Governmental activities</b>				
Capital assets, not being depreciated:				
Land	\$ 4,725	\$ -	\$ -	\$ 4,725
Total capital assets, not being depreciated	4,725	-	-	4,725
Capital assets, being depreciated:				
Land improvements	175,365	-	-	175,365
Buildings and improvements	2,337,645	-	-	2,337,645
Other equipment	94,617	640,177	-	734,794
Food service equipment	26,134	-	-	26,134
Licensed vehicles	505,825	42,045	-	547,870
Total capital assets, being depreciated	<u>3,139,586</u>	<u>682,222</u>	-	<u>3,821,808</u>
Total capital assets	3,144,311	682,222	-	3,826,533
Less accumulated depreciation for:				
Land improvements	(101,121)	(3,906)	-	(105,027)
Buildings and improvements	(1,041,047)	(51,479)	-	(1,092,526)
Other equipment	(68,803)	(29,125)	-	(97,928)
Food service equipment	(18,281)	(3,141)	-	(21,422)
Licensed vehicles	<u>(277,872)</u>	<u>(34,853)</u>	-	<u>(312,725)</u>
Total accumulated depreciation	<u>(1,507,124)</u>	<u>(122,504)</u>	-	<u>(1,629,628)</u>
Governmental activities capital assets, net	<u>\$ 1,637,187</u>	<u>\$ 559,718</u>	<u>\$ -</u>	<u>\$ 2,196,905</u>

**LONE STAR SCHOOL DISTRICT 101**  
**Notes to Financial Statements**

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

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

Governmental activities	
Instruction	\$ 7,447
Operation and maintenance	21,678
Student transportation	34,853
Food service operations	3,141
Unallocated	<u>55,385</u>
 Total depreciation expense	 <u>\$ 122,504</u>

**Note F – Accrued salaries and benefits**

Salaries and benefits of certain contractually employed personnel are paid over a twelve-month period from September to August, but are earned during a school year of approximately nine to ten months. The salaries and benefits earned but not paid at year-end are estimated to be \$208,072. Accordingly, this accrued compensation is reflected as a liability in the accompanying financial statements.

**Note G – Long-term debt**

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

	<u>Beginning Balances</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balances</u>	<u>Due within one year</u>
<b>Governmental Activities</b>					
Compensated absences	<u>\$ 25,250</u>	<u>\$ 5,222</u>	<u>\$ -</u>	<u>\$ 30,472</u>	<u>\$ -</u>

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

**LONE STAR SCHOOL DISTRICT 101**  
**Notes to Financial Statements**

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**Note H – Defined benefit pension plan**

Summary of Significant Accounting Policies

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

General Information about the Pension Plan

*Plan description.* Eligible employees of the District are provided with pensions through the SCHDTF – a cost-sharing multiple-employer defined benefit pension plan administered by PERA. Plan benefits are specified in Title 24, Article 51 of the Colorado Revised Statutes (C.R.S.), administrative rules set forth at 8 C.C.R. 1502-1, and applicable provisions of the federal Internal Revenue Code. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available annual comprehensive financial report (ACFR) that can be obtained at [www.copera.org/investments/pera-financial-reports](http://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. Section 24-51-602, 604, 1713, and 1714.

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

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

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

**LONE STAR SCHOOL DISTRICT 101**  
**Notes to Financial Statements**

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

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

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

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

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

**LONE STAR SCHOOL DISTRICT 101**  
**Notes to Financial Statements**

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

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

	July 1, 2023 Through <u>June 30, 2024</u>
Employer contribution rate	11.40%
Amount of employer contribution apportioned to the Health Care Trust Fund as specified in C.R.S. Section 24-51-208(1)(f)	<u>(1.02)%</u>
Amount apportioned to the SCHDTF	10.38%
Amortization Equalization Disbursement (AED) as specified in C.R.S. Section 24-51-411	4.50%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. Section 24-51-411	<u>5.50%</u>
Total employer contribution rate to the SCHDTF	<u><u>20.38%</u></u>

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

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 \$284,730 for the year ended June 30, 2024.

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

**LONE STAR SCHOOL DISTRICT 101**  
**Notes to Financial Statements**

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

amount of \$380 million. Due to the advanced payment made in 2022, the State reduced the distribution in 2023 to \$35 million. Additionally, the newly added C.R.S. § 24-51-414(9) providing compensatory payment of \$14.561 million for 2023 only.

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

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

At year end, the District reported a liability of \$3,516,723 for its proportionate share of the net pension liability that reflected a reduction for support from the State as a nonemployer contributing entity. The amount recognized by the District as its proportionate share of the net pension liability, the related support from the State as a nonemployer contributing entity, and the total portion of the net pension liability that was associated with the District were as follows:

District’s proportionate share of the net pension liability	\$ 3,516,723
The State’s proportionate share of the net pension liability as a nonemployer contributing entity associated with the District	<u>77,111</u>
Total	<u>\$ 3,593,834</u>

At December 31, 2023, the District’s proportion was 0.0199%, which was an increase of 0.0040% from its proportion measured as of December 31, 2022.

For the year ended June 30, 2024, the District recognized pension expense of \$468,249 and revenue of \$5,907 for support from the State as a nonemployer contributing entity. At year-end, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**LONE STAR SCHOOL DISTRICT 101**  
**Notes to Financial Statements**

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 167,122	\$ -
Changes of assumptions or other inputs	-	-
Net difference between projected and actual earnings on pension plan investments	93,320	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	430,028	222,833
Contributions subsequent to the measurement date	<u>150,453</u>	<u>-</u>
Total	<u>\$ 840,923</u>	<u>\$ 222,833</u>

\$150,453 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30, _____</u>	<u>Amount</u>
2025	\$ 40,664
2026	258,180
2027	239,084
2028	<u>(70,291)</u>
Totals	<u>\$ 467,637</u>

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

**LONE STAR SCHOOL DISTRICT 101**  
**Notes to Financial Statements**

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

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

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

The 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.

**LONE STAR SCHOOL DISTRICT 101**  
**Notes to Financial Statements**

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

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

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

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

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

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

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

**LONE STAR SCHOOL DISTRICT 101**  
**Notes to Financial Statements**

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

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

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00%.
- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the scheduled increases in SB 18-200 and required adjustments resulting from the 2018 and 2020 AAP assessments. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the scheduled increase in SB 18-200 and required adjustments resulting from the 2018 and 2020 AAP assessments. Employer contributions also include current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103%, at which point the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions reflect reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- As specified in law, the State, as a nonemployer contributing entity, will provide an annual direct distribution of \$225 million commencing July 1, 2018, that is proportioned between the State, School, Judicial, and DPS Division Trust Funds based upon the covered payroll of each Division. The annual direct distribution ceases when all Division Trust Funds are fully funded.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial FNP, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the FNP and the subsequent AIR benefit payments were estimated and included in the projections.

**LONE STAR SCHOOL DISTRICT 101**  
**Notes to Financial Statements**

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

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

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

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	<u>\$ 4,702,444</u>	<u>\$ 3,516,723</u>	<u>\$ 2,527,975</u>

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

Payables to the pension plan

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

**LONE STAR SCHOOL DISTRICT 101**  
**Notes to Financial Statements**

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**Note I – Defined contribution pension plan**

Voluntary Investment Program (PERAPlus 401(k) Plan)

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

*Funding policy* - The PERAPlus 401(k) Plan is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. The District does not offer matching contributions to its employees. Employees are immediately vested in their own contributions and investment earnings. For the year ended June 30, 2024, program members contributed \$12,700 for the PERAPlus 401(k) Plan.

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

Summary of Significant Accounting Policies

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

General Information about the OPEB Plan

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

**LONE STAR SCHOOL DISTRICT 101**  
**Notes to Financial Statements**

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

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

C.R.S. § 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

**LONE STAR SCHOOL DISTRICT 101**  
**Notes to Financial Statements**

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

assuming plan participants have both Medicare Part A and Part B and the difference in premium cost is paid by the HCTF or the DPS HCTF on behalf of benefit recipients not covered by Medicare Part A.

*DPS Benefit Structure*

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

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

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

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the District were \$14,250 for the year ended June 30, 2024.

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

At year-end, the District reported a liability of \$84,915 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2022. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2023. The District's proportion of the net OPEB liability was based on the District's contributions to the HCTF for the calendar year 2023 relative to the total contributions of participating employers to the HCTF.

At December 31, 2023, the District's proportion was 0.0119%, which was a decrease of 0.0002% from its proportion measured as of December 31, 2022.

**LONE STAR SCHOOL DISTRICT 101**  
**Notes to Financial Statements**

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

For the year ended June 30, 2024, the District recognized OPEB expense of \$(547). At year-end, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$ 17,466
Changes of assumptions or other inputs	998	9,103
Net difference between projected and actual earnings on OPEB plan investments	2,727	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	2,908	2,175
Contributions subsequent to the measurement date	<u>7,530</u>	<u>-</u>
Total	<u>\$ 14,163</u>	<u>\$ 28,744</u>

\$7,530 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ended June 30,</u>	<u>Amount</u>
2025	\$ (9,390)
2026	(5,223)
2027	(2,049)
2028	(3,800)
2029	(1,269)
2030	<u>(380)</u>
Total	<u>\$ (22,111)</u>

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

**LONE STAR SCHOOL DISTRICT 101**  
**Notes to Financial Statements**

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

Actuarial cost method	Entry age
Price inflation	2.30%
Real wage growth	0.70%
Wage inflation	3.00%
Salary increases, including wage inflation	3.40%-11.00%
Long-term investment rate of return, net of 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 <sup>1</sup>	3.50% in 2023, gradually increasing to 4.50% in 2035
DPS benefit structure:	
Service-based premium subsidy	0.00%
PERACare Medicare plans	N/A
Medicare Part A premiums	N/A

<sup>1</sup> UnitedHealthcare MAPD PPO plans are 0% for 2023.

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

**LONE STAR SCHOOL DISTRICT 101**  
**Notes to Financial Statements**

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

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

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

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

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

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

**LONE STAR SCHOOL DISTRICT 101**  
**Notes to Financial Statements**

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

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

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

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

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

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

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

**LONE STAR SCHOOL DISTRICT 101**  
**Notes to Financial Statements**

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

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

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

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

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

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

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

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

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

**LONE STAR SCHOOL DISTRICT 101**  
**Notes to Financial Statements**

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

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

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

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

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

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

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

**LONE STAR SCHOOL DISTRICT 101**  
**Notes to Financial Statements**

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

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

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Initial PERACare Medicare trend rate <sup>1</sup>	5.75%	6.75%	7.75%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	2.50%	3.50%	4.50%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability	\$ 82,478	\$ 84,915	\$ 87,566

<sup>1</sup>For the January 1, 2024, plan year.

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

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2023, measurement date.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00%.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Estimated transfers of dollars into the HCTF representing a portion of purchase service agreements intended to cover the costs associated with OPEB benefits.
- Benefit payments and contributions were assumed to be made at the middle of the year.

**LONE STAR SCHOOL DISTRICT 101**  
**Notes to Financial Statements**

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

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

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

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

	1% Decrease <u>(6.25%)</u>	Current Discount Rate <u>(7.25%)</u>	1% Increase <u>(8.25%)</u>
Proportionate share of the net OPEB liability	\$ <u>100,295</u>	\$ <u>84,915</u>	\$ <u>71,757</u>

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

Payables to the OPEB plan

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

**LONE STAR SCHOOL DISTRICT 101**  
**Notes to Financial Statements**

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**Note K – Risk management**

The District is exposed to various risks of loss related to torts; theft of; damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District participates in the Colorado School Districts Self-Insurance Pool (the Pool). The Pool's objectives are to provide member school districts defined property and liability coverages through self-insurance and excess insurance purchased from commercial companies. The District pays an annual contribution to the Pool for its insurance coverages. The District's contribution for the year was \$99,641. The District continues to carry commercial insurance for all other risks of loss, including workers' compensation and employee health and accident insurance.

Settled claims resulting from these risks have not exceeded commercial insurance coverage or the deductible in any of the past three fiscal years. There has been no significant reduction in insurance coverage from the prior year in any of the major categories of risk.

**Note L – Commitments and contingencies**

Federal and state funding

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

TABOR Amendment

In November 1992, Colorado voters passed an amendment, commonly known as the Taxpayer's Bill of Rights (TABOR), to the State Constitution (Article X, Section 20) which limits the revenue raising and spending abilities of state and local governments. The limits on property taxes, revenue, and "fiscal year spending" include allowable annual increases tied to inflation and local growth in student enrollment. Fiscal year spending as defined by the amendment excludes spending from certain revenue and financing sources such as federal funds, gifts, property sales, fund transfers, damage awards, and fund reserves (balances). The amendment requires voter approval for any increase in mill levy or tax rates, new taxes, or creation of multi-year debt. Revenue earned in excess of the "spending limit" must be refunded or approved to be retained by the District under specified voting requirements by the entire electorate. During the year ended June 30, 1997, 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 \$92,000 for the emergency reserve.

**LONE STAR SCHOOL DISTRICT 101**  
**Notes to Financial Statements**

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

Colorado local government budget laws

Expenditures in the Pupil Activity Fund exceeded their appropriations by \$11,792, and may be in violation of local government budget laws.

**Note M – Joint venture**

The District participates in the Northeast Colorado 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 Northeast Colorado Board of Cooperative Educational Services are available by contacting their administrative office in Haxtun, Colorado.

For the year, the District's contribution was \$61,862.

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### **Required Supplementary Information**

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

- Budgetary Comparison Schedule – General Fund
- Budgetary Comparison Schedule – Food Service Fund
- Budgetary Comparison Schedule – Pupil Activity Fund
- Schedule of the District’s Proportionate Share of the Net Pension Liability – PERA’s School Division Trust Fund
- Schedule of District Contributions – PERA’s School Division Trust Fund
- Schedule of the District’s Proportionate Share of the Net OPEB Liability – PERA’s Health Care Trust Fund
- Schedule of District Contributions – PERA’s Health Care Trust Fund

**LONE STAR SCHOOL DISTRICT 101**  
**General Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2024**

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Local sources	\$ 689,146	\$ 689,146	\$ 974,348	\$ 285,202
Intermediate sources	80	80	165	85
State sources	1,870,042	1,870,042	1,908,586	38,544
Federal sources	26,851	26,851	621,312	594,461
Total revenues	2,586,119	2,586,119	3,504,411	918,292
Expenditures				
Instruction	1,397,833	1,397,833	1,673,063	(275,230)
Supporting services	1,102,607	1,102,607	1,426,455	(323,848)
Appropriated reserves	757,511	757,511		757,511
Total expenditures	3,257,951	3,257,951	3,099,518	158,433
Excess of revenues over (under) expenditures	(671,832)	(671,832)	404,893	1,076,725
Other financing uses				
Transfers out	(60,000)	(60,000)	(30,000)	30,000
Net change in fund balance	\$ (731,832)	\$ (731,832)	374,893	\$ 1,106,725
Fund balance at beginning of year			3,576,159	
Fund balance at end of year			\$ 3,951,052	

**LONE STAR SCHOOL DISTRICT 101**  
**Food Service Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2024**

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
<b>Revenues</b>				
Local sources	\$ 18,000	\$ 18,000	\$ 3,777	\$ (14,223)
State sources	1,050	1,050	34,364	33,314
Federal sources	54,600	54,600	61,357	6,757
<b>Total revenues</b>	<b>73,650</b>	<b>73,650</b>	<b>99,498</b>	<b>25,848</b>
<b>Expenditures</b>				
Supporting services				
Salaries	59,563	59,563	37,995	21,568
Employee benefits	18,710	18,710	14,824	3,886
Supplies and materials	52,803	52,803	54,177	(1,374)
<b>Total expenditures</b>	<b>131,076</b>	<b>131,076</b>	<b>106,996</b>	<b>24,080</b>
Excess of revenues over (under) expenditures	(57,426)	(57,426)	(7,498)	1,768
<b>Other financing sources</b>				
Transfers in	60,000	60,000	30,000	(30,000)
<b>Net change in fund balance</b>	<b>\$ 2,574</b>	<b>\$ 2,574</b>	<b>22,502</b>	<b>\$ 19,928</b>
Fund balance at beginning of year			12,721	
Fund balance at end of year			\$ 35,223	

**LONE STAR SCHOOL DISTRICT 101**  
**Pupil Activity Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2024**

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Local sources	\$ 100,000	\$ 100,000	\$ 137,545	\$ 37,545
Expenditures				
Instruction				
Purchased services	900	900	1,145	(245)
Supplies and materials	100,000	100,000	111,547	(11,547)
Total expenditures	100,900	100,900	112,692	(11,792)
Excess of revenues over (under) expenditures	\$ (900)	\$ (900)	24,853	\$ 25,753
Fund balance at beginning of year			156,025	
Fund balance at end of year			\$ 180,878	

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**LONE STAR SCHOOL DISTRICT 101**  
**Schedule of the District's Proportionate Share of the Net OPEB Liability**  
**PERA's School Division Trust Fund**  
**June 30, 2024**

	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>
District's proportion of the net pension liability	0.0199%	0.0159%	0.0182%	0.0208%
District's proportionate share of the net pension liability	\$ 3,516,723	\$ 2,888,363	\$ 2,120,265	\$ 3,140,961
State's proportionate share of the net pension liability	<u>77,111</u>	<u>651,767</u>	<u>218,063</u>	<u>-</u>
Total	<u>\$ 3,593,834</u>	<u>\$ 3,540,130</u>	<u>\$ 2,338,328</u>	<u>\$ 3,140,961</u>
District's covered payroll	\$ 1,314,717	\$ 1,223,627	\$ 1,138,657	\$ 1,125,480
District's proportionate share of the net pension liability as a percentage of its covered payroll	267.49%	236.05%	186.21%	279.08%
Plan fiduciary net position as a percentage of the total pension liability	64.74%	61.79%	74.86%	66.99%

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

<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
0.0181%	0.0177%	0.0196%	0.0195%	0.0184%	0.0199%
\$ 2,701,381	\$ 3,135,289	\$ 6,324,884	\$ 5,805,521	\$ 2,807,047	\$ 2,691,990
<u>204,069</u>	<u>377,139</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 2,905,450</u>	<u>\$ 3,512,428</u>	<u>\$ 6,324,884</u>	<u>\$ 5,805,521</u>	<u>\$ 2,807,047</u>	<u>\$ 2,691,990</u>
\$ 1,055,748	\$ 973,419	\$ 889,890	\$ 863,269	\$ 781,451	\$ 809,268
255.87%	322.09%	710.75%	672.50%	359.21%	332.65%
64.52%	57.01%	43.96%	43.10%	59.20%	62.84%

**LONE STAR SCHOOL DISTRICT 101**  
**Schedule of District Contributions**  
**PERA's School Division Trust Fund**  
**June 30, 2024**

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	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Contractually required contribution	\$ 284,730	\$ 246,303	\$ 226,365	\$ 218,118
Contributions in relation to the contractually required contribution	<u>(284,730)</u>	<u>(246,303)</u>	<u>(226,365)</u>	<u>(218,118)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 1,397,100	\$ 1,223,627	\$ 1,138,657	\$ 1,125,480
Contributions as a percentage of covered payroll	20.38%	20.13%	19.88%	19.38%

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<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
\$ 204,604	\$ 186,215	\$ 168,091	\$ 158,662	\$ 138,613	\$ 136,711
<u>(204,604)</u>	<u>(186,215)</u>	<u>(168,091)</u>	<u>(158,662)</u>	<u>(138,613)</u>	<u>(136,711)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,055,748	\$ 973,419	\$ 889,890	\$ 863,269	\$ 781,451	\$ 809,268
19.38%	19.13%	18.89%	18.38%	17.74%	16.89%

**LONE STAR SCHOOL DISTRICT 101**  
**Schedule of the District's Proportionate Share of the Net OPEB Liability<sup>1</sup>**  
**PERA's Health Care Trust Fund**  
**June 30, 2024**

	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>
District's proportion of the net OPEB liability	0.0119%	0.0121%	0.0119%	0.0120%
District's proportionate share of the net OPEB liability	\$ 84,915	\$ 98,452	\$ 102,579	\$ 114,164
District's covered payroll	\$ 1,314,717	\$ 1,223,627	\$ 1,138,657	\$ 1,125,480
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	6.46%	8.05%	9.01%	10.14%
Plan fiduciary net position as a percentage of the total OPEB liability	46.16%	38.57%	39.40%	32.78%

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

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

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<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>
0.0118%	0.0115%	0.0111%	0.0110%
\$ 132,840	\$ 156,589	\$ 144,434	\$ 143,699
\$ 1,055,748	\$ 973,419	\$ 889,890	\$ 863,269
12.58%	16.09%	16.23%	16.65%
24.49%	17.03%	17.53%	16.72%

**LONE STAR SCHOOL DISTRICT 101**  
**Schedule of District Contributions<sup>1</sup>**  
**PERA's Health Care Trust Fund**  
**June 30, 2024**

	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Contractually required contribution	\$ 14,250	\$ 12,481	\$ 11,614	\$ 11,480
Contributions in relation to the contractually required contribution	<u>(14,250)</u>	<u>(12,481)</u>	<u>(11,614)</u>	<u>(11,480)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 1,397,100	\$ 1,223,627	\$ 1,138,657	\$ 1,125,480
Contributions as a percentage of covered payroll	1.02%	1.02%	1.02%	1.02%

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

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<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>
\$ 10,769	\$ 9,929	\$ 9,077	\$ 8,805
<u>(10,769)</u>	<u>(9,929)</u>	<u>(9,077)</u>	<u>(8,805)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,055,748	\$ 973,419	\$ 889,890	\$ 863,269
1.02%	1.02%	1.02%	1.02%

**LONE STAR SCHOOL DISTRICT 101**  
**Notes to the Required Supplementary Information**

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**Note A – Budgetary data**

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

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

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

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

### **Other Supplementary Information**

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

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## **General Fund**

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

**LONE STAR SCHOOL DISTRICT 101**  
**General Fund**  
**Budgetary Comparison Schedule - Revenues**  
**For the Year Ended June 30, 2024**

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Local sources				
Property taxes	\$ 611,722	\$ 611,722	\$ 794,845	\$ 183,123
Specific ownership taxes	54,124	54,124	84,557	30,433
Delinquent taxes and interest			278	278
Earnings on investments	15,000	15,000	83,970	68,970
Pupil activities	3,500	3,500	5,057	1,557
Other local revenue	4,800	4,800	5,641	841
Total local sources	689,146	689,146	974,348	285,202
Intermediate sources	80	80	165	85
State sources				
Equalization	1,647,304	1,647,304	1,674,474	27,170
English language proficiency act	385	385		
Transportation	20,000	20,000	25,745	5,745
School counselor grant			101,666	101,666
State grants to libraries	3,500	3,500	4,500	1,000
Small rural schools funding	50,353	50,353	50,353	-
Additional at-risk funding			791	791
READ act	2,000	2,000	2,687	687
Revenue from other agencies	22,000	22,000	4,824	(17,176)
On-behalf payment			5,907	5,907
Services within the BOCES	124,500	124,500	37,639	(86,861)
Total state sources	1,870,042	1,870,042	1,908,586	38,929
Federal sources				
ESSER III ARP 9.5% set aside			23,365	23,365
Revenue from other agencies			205,709	205,709
REAP	19,000	19,000	21,258	2,258
COPS grant			281,250	281,250
Services within the BOCES	7,851	7,851	89,730	81,879
Total federal sources	26,851	26,851	621,312	594,461
Total revenues	\$ 2,586,119	\$ 2,586,119	\$ 3,504,411	\$ 918,677

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**LONE STAR SCHOOL DISTRICT 101**  
**General Fund**  
**Budgetary Comparison Schedule - Expenditures**  
**For the Year Ended June 30, 2024**

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
<b>Expenditures</b>				
<b>Instruction</b>				
Salaries	\$ 797,549	\$ 797,549	\$ 860,669	\$ (63,120)
Employee benefits	310,289	310,289	327,284	(16,995)
Purchased services	81,129	81,129	65,499	15,630
Supplies and materials	162,066	162,066	347,890	(185,824)
Property	35,000	35,000	32,409	2,591
Other	11,800	11,800	39,312	(27,512)
<b>Total instruction</b>	<b>1,397,833</b>	<b>1,397,833</b>	<b>1,673,063</b>	<b>(275,230)</b>
<b>Supporting services</b>				
<b>Students</b>				
Salaries	46,000	46,000	61,968	(15,968)
Employee benefits	27,000	27,000	14,452	12,548
Purchased services	8,000	8,000	15,616	(7,616)
Supplies and materials	15,000	15,000	21,797	(6,797)
<b>Total students</b>	<b>96,000</b>	<b>96,000</b>	<b>113,833</b>	<b>(17,833)</b>
<b>Instructional staff</b>				
Salaries	200	200	200	-
Employee benefits			23	(23)
Purchased services	814	814	814	-
<b>Total instructional staff</b>	<b>1,014</b>	<b>1,014</b>	<b>1,037</b>	<b>(23)</b>
<b>General administration</b>				
Salaries	93,400	93,400	90,500	2,900
Employee benefits	29,310	29,310	28,635	675
Purchased services	89,100	89,100	79,370	9,730
Supplies and materials	6,250	6,250	1,685	4,565
Property	200	200	30	170
Other	8,000	8,000	16,362	(8,362)
<b>Total general administration</b>	<b>226,260</b>	<b>226,260</b>	<b>216,582</b>	<b>9,678</b>

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
School administration				
Salaries	87,000	87,000	54,029	32,971
Employee benefits	36,276	36,276	31,845	4,431
Purchased services	1,650	1,650	845	805
Supplies and materials	150	150	127	23
Total school administration	125,076	125,076	86,846	38,230
Business services				
Salaries	42,000	42,000	43,914	(1,914)
Employee benefits	18,178	18,178	17,688	490
Purchased services	28,000	28,000	20,011	7,989
Supplies and materials	500	500	461	39
Property	500	500	416	84
Total business services	89,178	89,178	82,490	6,688
Operations and maintenance				
Salaries	79,600	79,600	79,898	(298)
Employee benefits	41,188	41,188	39,368	1,820
Purchased services	29,200	29,200	34,555	(5,355)
Supplies and materials	104,000	104,000	453,009	(349,009)
Property	5,500	5,500	6,574	(1,074)
Other	2,000	2,000	12,756	(10,756)
Total operations and maintenance	261,488	261,488	626,160	(364,672)
Student transportation				
Salaries	52,500	52,500	58,947	(6,447)
Employee benefits	13,388	13,388	13,549	(161)
Purchased services	29,350	29,350	44,565	(15,215)
Supplies and materials	38,000	38,000	32,965	5,035
Property	50,353	50,353	42,045	8,308
Total student transportation	183,591	183,591	192,071	(8,480)

(continued)

**LONE STAR SCHOOL DISTRICT 101**  
**General Fund**  
**Budgetary Comparison Schedule - Expenditures**  
**For the Year Ended June 30, 2024**

(continued)	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Central support services				
Purchased services	120,000	120,000	107,436	12,564
Total central support services	120,000	120,000	107,436	12,564
Total supporting services	1,102,607	1,102,607	1,426,455	(323,848)
Appropriated reserves	757,511	757,511		757,511
Total expenditures	<u>\$ 3,257,951</u>	<u>\$ 3,257,951</u>	<u>\$ 3,099,518</u>	<u>\$ 158,433</u>

**Colorado Department of Education  
Supplementary Schedule**

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



**Colorado Department of Education**  
**Auditors Integrity Report**  
 District: 3060 - Lone Star 101  
 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
<b>Governmental</b>							
10 General Fund	3,576,159		3,474,411		3,099,518		3,951,052
18 Risk Mgmt Sub-Fund of General Fund	0		0		0		0
19 Colorado Preschool Program Fund	0		0		0		0
<b>Sub-Total</b>	<b>3,576,159</b>		<b>3,474,411</b>		<b>3,099,518</b>		<b>3,951,052</b>
11 Charter School Fund	0		0		0		0
20,26-29 Special Revenue Fund	0		0		0		0
06 Supplemental Cap Const, Tech, Main, Fund	0		0		0		0
07 Total Program Reserve Fund	0		0		0		0
21 Food Service Spec Revenue Fund	12,721		129,498		106,996		35,223
22 Govt Designated-Purpose Grants Fund	0		0		0		0
23 Pupil Activity Special Revenue Fund	156,025		137,546		112,692		180,878
25 Transportation Fund	0		0		0		0
31 Bond Redemption Fund	0		0		0		0
39 Certificate of Participation (COP) Debt Service Fund	0		0		0		0
41 Building Fund	0		0		0		0
42 Special Building Fund	0		0		0		0
43 Capital Reserve Capital Projects Fund	0		0		0		0
46 Supplemental Cap Const, Tech, Main Fund	0		0		0		0
<b>Totals</b>	<b>3,744,905</b>		<b>3,741,455</b>		<b>3,319,206</b>		<b>4,167,154</b>
<b>Proprietary</b>							
50 Other Enterprise Funds	0		0		0		0
64 (63) Risk-Related Activity Fund	0		0		0		0
60,65-69 Other Internal Service Funds	0		0		0		0
<b>Totals</b>	<b>0</b>		<b>0</b>		<b>0</b>		<b>0</b>
<b>Fiduciary</b>							
70 Other Trust and Agency Funds	0		0		0		0
72 Private Purpose Trust Fund	0		0		0		0
73 Agency Fund	0		0		0		0
74 Pupil Activity Agency Fund	0		0		0		0
79 GASB 34 Permanent Fund	0		0		0		0
85 Foundations	0		0		0		0
<b>Totals</b>	<b>0</b>		<b>0</b>		<b>0</b>		<b>0</b>

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