EDISON SCHOOL DISTRICT 54JT
YODER, COLORADO

FINANCIAL STATEMENTS
AND THE INDEPENDENT AUDITOR'S REPORT

FOR THE FISCAL YEAR ENDED
JUNE 30, 2025

EDISON SCHOOL DISTRICT 54JT
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June 30, 2025

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INDEPENDENT AUDITOR'S REPORT

Board of Education
Edison School District 54JT
Yoder, Colorado

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Edison School District 54JT (the District) as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the basic financial statements of the District, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2025, 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 of Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 an audit in accordance with generally accepted auditing standards, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis and the required supplementary 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 information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Emphasis of Matter

As described in Note 12 to the financial statements, as of and for the year ended June 30, 2024, have been restated to correct a misstatement. Our opinion is not modified with respect to this matter.

Board of Education
Edison School District 54JT

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 combining and individual nonmajor fund statements and budgetary comparison schedules and the auditor's 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 the 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 information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

DMC Auditing and Consulting, LLC

July 2, 2026
Bailey, Colorado

MANAGEMENT'S DISCUSSION AND ANALYSIS-WORKING

This discussion and analysis Edison School District 54JT's (the District) financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2025. The intent of this discussion and analysis is to look at the District's financial performance as a whole; it should be read in conjunction with the basic financial statements and notes to enhance the reader's understanding of the District's overall financial performance.

FINANCIAL HIGHLIGHTS

Funding from the Public School Finance Act totaled $1,976,326 for 2024-2025 compared to $2,130,988 the prior year. Public School Finance Act funding decreased by $154,662 due to a decrease in per pupil funding. Public School Finance Act funding makes up 65% of the district's governmental fund revenue reported on the Fund Financial Statements. The share of property taxes collected at the local level is $259,175 for 2024-2025 compared to $244,190 the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

The District's basic financial statements consist of three components:

1) Districtwide financial statements
2) Fund financial statements
3) Notes to the financial statements

This report also contains the required supplementary and other additional information in addition to the basic financial statements.

Districtwide Financial Statements

The Districtwide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business. They consist of two statements:

1) The Statement of Net Position presents information on all the district's assets, deferred outflows and inflows of resources, and liabilities, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.
2) The Statement of Activities presents information reporting how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows in future fiscal periods. Earned but unused vacation leave and accrued interest expense are examples of these types of items.

Both District-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions intended to recover all or significant portion of their costs through user fees and charges.

Governmental Activities-these activities are financed through local revenues including property taxes, state revenues made up primarily of state equalization under the Public-School Finance Act, and grants from local, state, and federal sources. Expenditures are classified by programs (also known as functions), which include instruction, supporting services, food services, and interest on long-term debt.

The two statements report on the District's net position and changes in net position. The change in net position is important because it identifies whether the financial position of the district has improved or diminished as a whole. This change could be a result of many factors including state funding changes, enrollment levels, interest rates, facility conditions, unfunded mandated programs, and numerous other factors.

Fund Financial Statements

A fund is a grouping of related accounts used to maintain control over resources segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All District funds can be divided into three categories:

- Governmental
- Proprietary
- Fiduciary

Governmental funds account for essentially the same functions reported as governmental activities in the districtwide financial statements. Unlike the districtwide financial statements, however, governmental fund financial statements focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. Such information provides a detailed short-term view of the District's general government operations and may be useful in evaluating the District's near-term financing requirements.

Because the focus of governmental funds is narrower than districtwide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the districtwide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. To facilitate this comparison between governmental funds and governmental activities, reconciliations are provided for both the governmental fund Balance Sheet and the Statement of Reserves, Expenditures and Changes in Fund Balance.

The District maintains six individual governmental funds including General Fund, Designated Purpose Grants Fund, Food Service Fund, Student Activities (Co-curricular) Fund, Building Capital Project Fund, and the Debt Service Bond Redemption Fund. Information is presented separately in the governmental funds Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balance for the District's major funds. Data from other non-major governmental funds are combined into a single, aggregated presentation. Combining statements for the individual non-major governmental funds are presented elsewhere in the report.

Proprietary funds are Enterprise funds used to report the same functions presented as business-type activities in the districtwide financial statements. The District has no proprietary funds.

Fiduciary funds are to be used to account for resources held for the benefit of others. Fiduciary funds are not reported in the districtwide financial statements because the resources of those funds are not available for the support of the District's own programs. The District currently has no Fiduciary Funds.

Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional information essential to a full understanding of data provided in the districtwide and fund financial statements.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District. The District adopts an annual appropriated budget for all funds. A budgetary comparison schedule is provided for each fund to demonstrate compliance with the budget.

DISTRICTWIDE FINANCIAL ANALYSIS

Statement of Net Position

The Statement of Net Position presents information on all the district's assets, liabilities and deferred flows with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the district is improving or deteriorating. Comparative data for the 2024-2025 and 2023-2024 fiscal years are presented below:

	Governmental Activities		
	2025		2024
ASSETS			
Current and Other Assets	4,768,788		4,599,061
Capital Assets, Net	15,309,841		15,191,882
Total Assets	20,078,629		19,790,943
Deferred Outflows of Resources	288,327		428,089
LIABILITIES			
Current and Other Liabilities	205,142		334,164
Long-Term Liabilities	2,374,727		2,839,448
Total Liabilities	2,579,869		3,173,612
Deferred Inflows of Resources	353,524		369,979
NET POSITION			
Net Investment in Capital Assets	15,109,841		14,958,841
Restricted for:			
Debt Service	128,546		127,261
Emergencies	80,000		80,000
Preschool	-		-
Food Service	-		12,855
Unrestricted	2,115,176		1,496,484
Total Net Position	17,433,563		16,675,441

Highlights from the Statement of Net Position

- Current assets increased by $169,727 due to a positive fund balance and reduction in expenditures.
- Capital assets decreased by $117,959 due to the annual depreciation expense.
- Current liabilities decreased by $129,022 due to timing of payables and reduced accrued salaries.
- Noncurrent liabilities increased by $464,721 due to increased pension and OPEB liabilities.
- Deferred outflow of resources decreased $139,792 while deferred inflows decreased $16,455

Statement of Activities

The Statement of activities presents information regarding how the District's net position changed during the fiscal year.

	Governmental Activities		
	2025		2024
REVENUES			
Charges for Services	9,354		39,410
Operating Grants and Contributions	472,113		223,876
Capital Grants and Contributions	-		-
Property Taxes	259,175		244,190
Specific Ownership Taxes	20,447		16,049
State Equalization	1,976,326		2,130,988
Investment Income	194,346		194,914
Insurance Proceeds	-		398,545
Other	13,630		25,049
Total Revenues	2,945,391		3,273,021
EXPENSES			
Instruction	1,367,609		1,266,240
Supporting Services	983,169		998,616
Food Services	74,541		65,681
Interest on Long-Term Debt	10,416		11,257
Total Expenses	2,435,735		2,341,794
Change in Net Position	509,656		931,227
Net Position, Beginning, Original	16,675,441		17,323,695
Restatements	248,466		-1,579,481
Net Position, Beginning, Restated	16,923,907		15,744,214
Net Position, Ending	17,433,563		16,675,441

Highlights from the Statement of Activities

- Net position decreased by $421,527 during 2024-2025.
- Revenues decreased $327,630 primarily due insurance proceeds collected in FY 2024.
- Expenditures increased by $93,941 because of step increases and additional staff hired.

GOVERNMENTAL FUNDS

The primary source of operating revenue for the district is the Public-School Finance Act whereby the district received per pupil funding of $22,439 for 2024-2025 compared to $20,720 the prior year. The district's average funded pupil count for 2024-2025 was 61.0 compared to 61.0 for 2023-2024. Funding for the school finance act comes from property taxes, specific ownership taxes and state equalization. The district also receives a significant portion of its revenue from local, state, and federal grants. The district uses these sources to fund its programs, related services, and service debt.

Sources of revenues increased to $2,945,391 for 2024-2025 compared to $3,273,021 the prior year.

Use of revenues changed significantly from the prior year due to changes in liabilities, inflows and outflows related to the district's share of PERA pension and other post-employment benefits reported as other expenses. Expenditures for instruction and support services has decreased over the past year.

CAPITAL ASSET AND LONG-TERM DEBT

Capital assets: The District owns land with a carrying value of $8,512 and building and improvements, $19,650,292 as of June 30, 2025. Vehicles and equipment totaled $764,085 and $310,613, respectively. Food service equipment totaled $110,609. The net carrying value of capital assets after subtracting accumulated depreciation is $5,534,270. Depreciation for 2024-2025 totaled $540,138.

At June 30, 2025, long-term debt at the District was $220,000. The District will make semi-annual payments until the debt is paid in full in 2032.

BUDGET HIGHLIGHTS

District budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP). The district amended its budgets during the year to reflect unexpected increase in revenue and other changes deemed material. Budget presentations include both original and final budgets for the fiscal year. Revenues in the General Fund were $108,819 more than expected due to withholding of property tax revenues by the County Treasurer. Expenditures were less than the amount budgeted, a favorable variance of $423,723.

CURRENT ISSUES, ECONOMIC CONDITION AND OUTLOOK

The current state funding model, combined with the governor's efforts to address the negative factor, is making financial managers and educators in rural areas more hopeful. Enrollment numbers remain stagnant. With federal funding sources uncertain and the state budget model changing, we will remain conservative with our funding strategy.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. Questions regarding this report or requests for additional information should be in writing addressed to Superintendent Dave Eastin at:

Edison School District 54JT
14550 Edison Road
Yoder, CO 80864
719-478-2125

BASIC FINANCIAL STATEMENTS

EDISON SCHOOL DISTRICT 54JT
STATEMENT OF NET POSITION
June 30, 2025

	PRIMARY GOVERNMENT GOVERNMENTAL ACTIVITIES
ASSETS	
Cash	$ 4,532,843
Accounts Receivable	8,086
Taxes Receivable	222,622
Inventory	5,237
Capital Assets, *Not Being Depreciated*	8,512
Capital Assets, *Net of Accumulated Depreciation*	15,301,329
TOTAL ASSETS	20,078,629
DEFERRED OUTFLOWS OF RESOURCES	
Pensions, *Net of Accumulated Amortization*	283,171
OPEB, *Net of Accumulated Amortization*	5,156
TOTAL DEFERRED OUTFLOWS OF RESOURCES	288,327
LIABILITIES	
Accounts Payable	14,737
Other Liabilities	20,000
Accrued Salaries and Benefits	116,431
Unearned Revenue	53,141
Accrued Interest Payable	833
Noncurrent Liabilities	
Due Within One Year	34,051
Due in More Than One Year	180,000
Net Pension Liability	2,123,008
Net OPEB Liability	37,668
TOTAL LIABILITIES	2,579,869
DEFERRED INFLOWS OF RESOURCES	
Pensions, *Net of Accumulated Amortization*	312,012
OPEB, *Net of Accumulated Amortization*	41,512
TOTAL DEFERRED INFLOWS OF RESOURCES	353,524
NET POSITION	
Net Investment in Capital Assets	15,109,841
Restricted for:	
Debt Service	128,546
Emergencies	80,000
Unrestricted	2,115,176
TOTAL NET POSITION	$ 17,433,563

EDISON SCHOOL DISTRICT 54JT
STATEMENT OF ACTIVITIES
Year Ended June 30, 2025

FUNCTIONS / PROGRAMS	EXPENSES	PROGRAM REVENUES: CHARGES FOR SERVICES	PROGRAM REVENUES: OPERATING GRANTS AND CONTRIBUTIONS	NET (EXPENSE) REVENUE AND CHANGE IN NET POSITION — PRIMARY GOVERNMENT: GOVERNMENTAL ACTIVITIES
PRIMARY GOVERNMENT				
Governmental Activities				
Instruction	$ 1,367,609	$ 4,480	$ 352,790	$ (1,010,339)
Supporting Services	983,169	375	75,327	(907,467)
Food Services	74,541	4,499	43,996	(26,046)
Interest on Long-Term Debt	10,416	-	-	(10,416)
TOTAL GOVERNMENTAL ACTIVITIES	$ 2,435,735	$ 9,354	$ 472,113	(1,954,268)
GENERAL REVENUES				
Local Property Taxes				259,175
Specific Ownership Taxes				20,447
State Equalization				1,976,326
Other Income				13,630
Investment Income				194,346
Insurance Proceeds				-
TOTAL GENERAL REVENUES				2,463,924
CHANGE IN NET POSITION				509,656
NET POSITION, Beginning, as Originally Stated				16,675,441
Restatement - Correction of an Error				248,466
NET POSITION, Beginning, as Restated				16,923,907
NET POSITION, Ending				$ 17,433,563

See Notes to the Financial Statements.

EDISON SCHOOL DISTRICT 54JT
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2025

	GENERAL	NONMAJOR GOVERNMENTAL FUNDS	TOTAL
ASSETS			
Cash	$ 4,339,778	$ 193,065	$ 4,532,843
Accounts Receivable	4,503	3,583	8,086
Taxes Receivable	195,855	26,767	222,622
Interfund Receivables	25,674	-	25,674
Inventory	-	5,237	5,237
TOTAL ASSETS	$ 4,565,810	$ 228,652	$ 4,794,462
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES			
Accounts Payable	$ 14,587	$ 150	$ 14,737
Other Liabilities	20,000	-	20,000
Accrued Salaries and Benefits	110,663	5,768	116,431
Interfund Payable	-	25,674	25,674
Unearned Revenue	53,141	-	53,141
TOTAL LIABILITIES	198,391	31,592	229,983
DEFERRED INFLOWS OF RESOURCES			
Property Taxes	195,855	26,767	222,622
FUND BALANCES			
Nonspendable Inventory	-	5,237	5,237
Restricted for:			
Emergencies	80,000	-	80,000
Debt Service	-	128,546	128,546
Committed to Insurance	83,366	-	83,366
Assigned to Student Activities	-	64,519	64,519
Unassigned	4,008,198	(28,009)	3,980,189
TOTAL FUND BALANCES	4,171,564	170,293	4,341,857
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 4,565,810	$ 228,652	$ 4,794,462

EDISON SCHOOL DISTRICT 54JT
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
June 30, 2025

AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET POSITION ARE DIFFERENT BECAUSE:

Total Fund Balances of Governmental Funds	$	4,341,857
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds.		15,309,841
Long-term assets are not available to pay current year expenditures and, therefore, are deferred in governmental funds. This amount represents property taxes earned but not available as current financial resources.		222,622
Long-term liabilities and related items are not due and payable in the current year and, therefore, are not reported in governmental funds:		
Accrued Interest Payable		(833)
Bonds Payable		(200,000)
Accrued Compensated Absences		(14,051)
Net Pension Liability		(2,123,008)
Pension-Related Deferred Outflows of Resources		283,171
Pension-Related Deferred Inflows of Resources		(312,012)
Net OPEB Liability		(37,668)
OPEB-Related Deferred Outflows of Resources		5,156
OPEB-Related Deferred Inflows of Resources		(41,512)
Total Net Position of Governmental Activities	$	17,433,563

EDISON SCHOOL DISTRICT 54JT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2025

	GENERAL	NONMAJOR GOVERNMENTAL FUNDS	TOTAL
REVENUES			
Local Sources	$ 425,112	$ 58,582	$ 483,694
County Sources	19	-	19
State Sources	2,214,368	3,786	2,218,154
Federal Sources	168,027	40,210	208,237
TOTAL REVENUES	2,807,526	102,578	2,910,104
EXPENDITURES			
Current			
Instruction	1,038,287	15,919	1,054,206
Supporting Services	1,496,332	250	1,496,582
Food Services	-	85,438	85,438
Debt Service			
Principal	-	20,000	20,000
Interest and Fiscal Charges	-	10,500	10,500
TOTAL EXPENDITURES	2,534,619	132,107	2,666,726
CHANGES IN FUND BALANCES	272,907	(29,529)	243,378
FUND BALANCES, Beginning	3,898,657	199,822	4,098,479
FUND BALANCES, Ending	$ 4,171,564	$ 170,293	$ 4,341,857

EDISON SCHOOL DISTRICT 54JT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2025

AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES IN THE
STATEMENT OF ACTIVITIES ARE DIFFERENT BECAUSE:

Net Change in Fund Balances of Governmental Funds	$	243,378
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as follows:		
Depreciation Expense		(540,138)
Capital Outlay		409,631
Revenues that do not provide current financial resources are deferred in the governmental fund financial statements but are recognized in the government-wide financial statements. This amount represents the change in deferred property taxes.		35,287
The repayment of long-term debt principal is an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net position and does not affect the statement of activities.		20,000
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. This includes the changes in the following:		
Accrued Interest Payable		84
Accrued Compensated Absences		(1,010)
Net Pension Liability		441,477
Pension-Related Deferred Outflows of Resources		(137,411)
Pension-Related Deferred Inflows of Resources		4,975
Net OPEB Liability		24,254
OPEB-Related Deferred Outflows of Resources		(2,351)
OPEB-Related Deferred Inflows of Resources		11,480
Change in Net Position of Governmental Activities	$	509,656

NOTE 1: Summary of Significant Accounting Policies

The accounting policies of the Edison School District 54JT (the District) conform to generally accepted accounting principles as applicable to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Following is a summary of the District's more significant policies.

Reporting Entity

The financial reporting entity consists of the District, organizations for which the District is financially accountable, and organizations that raise and hold economic resources for the direct benefit of the District. All funds, organizations, institutions, agencies, departments, and offices that are not legally separate are part of the District. Legally separate organizations for which the District is financially accountable are considered part of the reporting entity. Financial accountability exists if the District appoints a voting majority of the organization's governing board and is able to impose its will on the organization, or if the organization has the potential to provide benefits to, or impose financial burdens on, the District.

The financial statements of the District do not include any separately administered organizations.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these financial statements. Exceptions to this general rule are charges for interfund services that are reasonably equivalent to the services provided. *Governmental activities*, which are supported by taxes and intergovernmental revenues, are reported in a single column.

The statement of activities demonstrates the degree to which the direct expenses of the given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to students or other customers who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues.*

Separate financial statements are provided for the governmental funds and the fiduciary fund, even though the latter is excluded from the government-wide financial statements. Major individual governmental funds and other significant funds identified by management are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

In the fund financial statements, the District reports the following major governmental fund:

The *General Fund* is the District's primary operating fund. It accounts for all financial resources of the District, except those accounted for in another fund.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

NOTE 1: Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collected within the current year or soon enough thereafter to pay liabilities of the current year. For this purpose, the District considers property tax revenues to be available if they are collected within 60 days of the end of the current year. The District considers all other revenues to be available if they are collected within 60 days of the end of the current year, except federal and state revenues.

Taxes, intergovernmental revenues, grants, and interest associated with the current year are considered to be susceptible to accrual and so have been recognized as revenues of the current year. All other revenues are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due.

When both restricted and unrestricted resources are available for a specific use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Fund Balances / Net Position

Cash – The District utilizes the pooled cash concept whereby cash balances of each of the District's funds are pooled by the District. Investments are reported at fair value.

Receivables – All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Property taxes levied for the current year but not received at year end are reported as taxes receivable and are presented net of an allowance for uncollectible taxes.

Inventory – Food Service Fund inventory are recorded as an asset when individual items are purchased and as an expenditure when consumed. Inventories are stated at cost on a first-in, first-out (FIFO) basis, and consist of purchased and donated commodities. Purchased inventories are recorded at cost. Donated inventories, received at no cost under a program supported by the federal government, are valued at the cost furnished by the federal government.

Capital Assets – Capital assets, which include property and equipment, are reported in the government-wide financial statements. Capital assets are defined as assets with an initial, individual cost of $5,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the acquisition value on the date of donation. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized. Capital assets are depreciated using the straight-line method over the following estimated useful lives.

Buildings and Site Improvements	10 - 40 years
Equipment and Vehicles	7 - 10 years

Deferred Outflows of Resources – This separate financial statement element represents a consumption of net assets that applies to future periods and so will not be recognized as an outflow of resources until then.

NOTE 1: Summary of Significant Accounting Policies (Continued)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Fund Balances / Net Position (Continued)

Accrued Salaries and Benefits – Salaries and retirement 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 unpaid, are reported as a liability in the financial statements.

Unearned Revenues – Unearned revenues include grants that have been collected but the corresponding expenditures have not been incurred and the eligibility criteria have not been met.

Deferred Inflows of Resources – This separate financial statement element represents a consumption of net assets that applies to future periods and so will not be recognized as an inflow of resources until then. Deferred inflows of resources in the governmental fund financial statements include property taxes earned but not available as current financial resources.

Long-Term Debt – In the government-wide financial statements, long-term debt, financed purchase agreements, and other long-term obligations are reported as liabilities. Debt premiums, discounts and accounting losses resulting from debt refundings are deferred and amortized over the life of the debt using the effective interest method. In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Debt issuance costs, whether or not withheld from the debt proceeds, are reported as current expenses or expenditures.

Compensated Absences – Personnel are allowed to accumulate paid-time off with an annual carryover of six days per year and a maximum carryover of 30 days. Employees with more than three years of service are paid out at 50 percent of the substitute rate. The non-vested liability for leave likely to be used for employees with less than three years of service is immaterial and has not been recorded in the financial statements.

Pensions – The District participates in the School Division Trust Fund (SDTF), 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, and additions to and deductions from the SDTF's fiduciary net position have been determined using the economic resources measurement focus and the accrual basis of accounting, the same basis of accounting used by the SDTF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Employer contributions are recognized when the compensation is payable to the employees. Investments are reported at fair value.

Postemployment Benefits Other Than Pensions (OPEB) – The District participates in the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the Public Employees' Retirement Association of Colorado (PERA). The net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, information about the fiduciary net position, and additions to and deductions from the HCTF's fiduciary net position have been determined using the economic resources measurement focus and the accrual basis of accounting, the same basis of accounting used by the HCTF. For this purpose, the HCTF recognizes benefit payments when due and payable in accordance with the benefit terms. Employer contributions are recognized when the compensation is payable to the employees. Investments are reported at fair value.

NOTE 1: Summary of Significant Accounting Policies (Continued)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Fund Balances / Net Position (Continued)

Net Position/Fund Balances – In the government-wide and fund financial statements, net position and fund balances are restricted when constraints placed on the use of resources are externally imposed. In the fund financial statements, governmental funds report committed fund balances when the Board of Education formally commits resources for a specific purpose through passage of a resolution. The Board of Education has delegated to the Superintendent and his designee the authority to assign fund balances to be used for specific purposes.

In circumstances where an expenditure is incurred for a purpose for which amounts are available in multiple fund balance classifications, District policy requires restricted fund balance to be used first, followed by committed, assigned, and unassigned balances.

Property Taxes

Property taxes attach as an enforceable lien on property on January 1, are levied the following December, and are collected in the subsequent calendar year. Taxes are payable in full on April 30, or in two installments on February 28 and June 15. The County Treasurer's Office collects property taxes and remits to the District on a monthly basis. When taxes become delinquent, the property is sold on the tax sale date.

NOTE 2: Cash and Investments

Deposits

The Colorado Public Deposit Protection Act (PDPA) requires local government entities to deposit cash in eligible public depositories. Eligibility is determined by State regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. The PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution or held in trust for all uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. At June 30, 2025, the District had bank deposits of $4,309,717 collateralized with securities held by the financial institution's agent but not in the District's name.

NOTE 3: Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. The District participates in the Colorado School Districts Self Insurance Pool for all risks of loss except workers' compensation, for which it utilizes a commercial insurance carrier.

The Colorado School Districts Self Insurance Pool (CSDSIP) operates as a self-insurance pool comprised of various school districts and other related public educational entities within the State of Colorado. The CSDSIP is administered by a governing board. The District pays an annual premium to the CSDSIP for various types of property and liability insurance coverage. The CSDSIP's agreement provides that the CSDSIP will be self-sustaining through member premiums and will reinsure through a duly authorized insurer. The reinsurance covers claims against the CSDSIP in excess of specific claim amounts and in the aggregate in an amount and at limits determined by the CSDSIP to be adequate to protect the solvency of the CSDSIP.

NOTE 4: Interfund Balances

At June 30, 2025, the General Fund temporarily subsidized the Food Service Fund in the amount of $25,674. The balances was repaid after year-end.

NOTE 5: Capital Assets

Capital asset activity for the year ended June 30, 2025, is summarized below.

	Restated Balance 6/30/2024	Additions	Deletions	Balance 6/30/2025
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	$ 8,512	$ -	$ -	$ 8,512
Construction in Progress	248,466	-	248,466	-
Total Capital Assets, Not Being Depreciated	256,978	-	248,466	8,512
Capital Assets, Being Depreciated:				
Buildings and Improvements	19,151,730	498,562	-	19,650,292
Equipment	764,085	-	-	764,085
Vehicles	209,282	159,535	58,204	310,613
Food Service	110,609	-	-	110,609
Total Capital Assets, Being Depreciated	20,235,706	658,097	58,204	20,835,599
Less Accumulated Depreciation:				
Buildings and Improvements	(4,354,833)	(476,146)	-	(4,830,979)
Equipment	(440,327)	(40,472)	-	(480,799)
Vehicles	(146,567)	(23,520)	(58,204)	(111,883)
Food Service	(110,609)	-	-	(110,609)
Total Accumulated Depreciation	(5,052,336)	(540,138)	(58,204)	(5,534,270)
Total Capital Assets, Being Depreciated, Net	15,183,370	117,959	-	15,301,329
Capital Assets, Governmental Activities, Net	$ 15,440,348	$ 117,959	$ 248,466	$ 15,309,841

The District corrected the beginning balance for capital assets related to food service. These capital assets were fully depreciated and did not have an impact on the District's beginning net position.

Depreciation expense of the governmental activities was charged to the District's programs as follows:

Instruction	$ 471,393
Supporting Services	68,745
Total	$ 540,138

NOTE 6: Long-Term Debt

Following is a summary of long-term debt transactions for the year ended June 30, 2025.

	Balance 6/30/2024	Additions	Reductions	Balance 6/30/2025	Due Within One Year
Governmental Activities					
G.O. Bonds, Series 2008	$ 220,000	$ -	$ 20,000	$ 200,000	$ 20,000
Compensated absences	13,041	1,010	-	14,051	14,051
Total	$ 233,041	$ 1,010	$ 20,000	$ 214,051	$ 34,051

NOTE 6: Long-Term Debt (Continued)

In March 2008, the District issued the General Obligation Bonds, Series 2008, in the amount of $450,000 for the purpose of acquisition, construction, equipping and furnishing a new school. Principal payments are due annually on December 1st, through 2032. Interest is accrued at an interest rate ranging 4.8% - 5% per annum. Payments due semi-annually on June 1st and December 1st. The full faith and credit of the District is pledged for the payment of the principal and interest on these bonds with ad valorem taxes on all of the taxable property in the District. Bond payments to maturity are as follows:

Year Ended June 30,	Principal	Interest	Total
2026	$ 20,000	$ 9,500	$ 29,500
2027	20,000	8,500	28,500
2028	25,000	7,375	32,375
2029	25,000	6,125	31,125
2030	25,000	4,875	29,875
2031-2033	85,000	6,625	91,625
Total	$ 200,000	$ 43,000	$ 243,000

NOTE 7: Defined Benefit Pension Plan

General Information

Plan Description – The District contributes to the School Division Trust Fund (SDTF), a cost-sharing multiple-employer defined benefit pension plan administered by the Public Employees' Retirement Association of Colorado (PERA). All employees of the District participate in the SDTF. Title 24, Article 51 of the Colorado Revised Statutes (CRS), administrative rules set at 8 C.C.R. 1502-1, and applicable provisions of the federal Internal Revenue Code assign the authority to establish and amend plan provisions to the State Legislature. PERA issues a publicly available annual comprehensive financial report, that includes information on the SDTF, which may be obtained at https://copera.org/forms-resources/financial-reports-and-studies.

Benefits Provided as of December 31, 2024 – The SDTF provides retirement, disability, and survivor benefits to plan participants or their beneficiaries. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure in place, the benefit option selected at retirement, and age at retirement. The retirement benefit is the greater of the a) highest average salary over five years multiplied by 2.5% and then multiplied by years of service credit, or b) the value of the participant's contribution account plus an equal match on the retirement date, annualized into a monthly amount based on life expectancy and other actuarial factors. In all cases, the benefit amount may not exceed the highest average salary, or the amount allowed by applicable federal regulations.

Members may elect to withdraw their member contribution accounts upon termination of employment with all PERA employers, while 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 of employment was terminated, whether five years of service credit has been obtained and the benefit structure under which contributions were made.

NOTE 7: Defined Benefit Pension Plan (Continued)

General Information (Continued)

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 CRS Subject to the automatic adjustment provision (AAP) under CRS § 24-51-413, eligible benefit recipients under the PERA benefit structure who began membership before January 1, 2007, will receive the maximum annual increase (AI) or AI cap of 1% 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% 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). The AAP may raise or lower the aforementioned AI cap by up to 0.25% based on the parameters specified in CRS § 24-51-413.

Disability benefits are available for eligible employees once they reach five years of earned service credit and meet the definition of a disability. The disability benefit amount is based on the retirement benefit formula described previously, considering a minimum of 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 in place, and the qualified survivor receiving the benefits.

Contributions provisions as of June 30, 2025 - The District, State, and eligible employees are required to contribute to the SDTF at rates established by Title 24, Article 51, Part 4 of the CRS. These contribution requirements are established and may be amended by the State Legislature. The contribution rate for employees was 11% for the period from July 1, 2024, through June 30, 2025. The District's contribution rate for the fiscal year was 21.40% of covered salaries. However, a portion of the District's contribution (1.02% of covered salaries) is allocated to the Health Care Trust Fund (Note 8). The District's contributions to the SDTF for the year ended June 30, 2025, were $189,095 equal to the required contributions at a contribution rate of 20.38%.

For the purposes of GASB 68 paragraph 15, a circumstance exists in which a nonemployer contributing entity is legally responsible for making contributions to the SDTF and is considered to meet the definition of a special funding situation. As specified in CRS § 24-51-414, the State of Colorado 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 SDTF based on the proportionate amount of annual payroll of the SDTF to the total annual payroll of the SDTF.

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

The net pension liability was measured at December 31, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2023. Standard update procedures were used to roll forward the total pension liability to December 31, 2024. The District's proportion of the net pension liability was based on the District's contributions to the SDTF for the calendar year ended December 31, 2024, relative to the total contributions of participating employers and the State as a nonemployer contributing entity.

At December 31, 2024, the District's proportion was 0.0123037959%, which was a decrease of 0.0021984032% from its proportion measured at December 31, 2023.

NOTE 7: Defined Benefit Pension Plan (Continued)

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

At June 30, 2025, the District reported a liability for its proportionate share of the net pension liability that reflected an increase for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, 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	$ 2,123,008
State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the District	190,680
Total	$ 2,313,688

For the year ended June 30, 2025, the District recognized pension expense of ($115,541) and a revenue of ($17,403) for support from the State as a nonemployer contributing entity. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 120,221	$ -
Changes of assumptions and other inputs	15,916	-
Net difference between projected and actual earnings on plan investments	40,058	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	10,637	312,012
Contributions subsequent to the measurement date	96,339	-
Total	$ 283,171	$ 312,012

District contributions subsequent to the measurement date of $96,339 will be recognized as a reduction of the net pension liability in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30,	
2026	$ (46,966)
2027	52,615
2028	(102,262)
2029	(28,567)
Total	$ (125,180)

Actuarial Assumptions - The actuarial valuation as of December 31, 2023, determined the total pension liability using the following actuarial assumptions and other inputs.

NOTE 7: Defined Benefit Pension Plan (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (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 plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Post-retirement benefit increases:	
Hired prior to 1/1/07 thereafter, compounded annually	1.00%
Hired after 12/31/06	Financed by the AIR

Post-retirement benefit increases are provided by the annual increase reserve, accounted for separately in SDTF, and subject to resources being available. Therefore, liabilities related to increases for members of these benefit tiers can never exceed available assets.

Mortality assumptions were developed on a benefit-weighted basis and apply generational mortality, as follows. All categories in the mortality tables are generationally projected using scale MP-2019.

- Pre-retirement mortality assumptions were based upon the PubT-2010 Employee Table.
- Post-retirement (retiree) non-disabled mortality assumptions were based upon the PubT-2010 Healthy Retiree Table, adjusted as follows: 1) males: 112% of the rates prior to age 80 and 94% of the rates for ages 80 and older, and 2) females: 83% of the rates prior to age 80 and 106% of the rates for ages 80 and older.
- Post-retirement (beneficiary) non-disabled beneficiary mortality assumptions were based upon the Pub-2010 Contingent Survivor Table, adjusted as follows: 1) males: 97% of the rates for all ages, and 2) females: 105% of the rates for all ages.
- Disabled mortality assumptions were based upon the PubNS-2010 Disabled Retiree Table using 99% of the rates for all ages.

The actuarial assumptions used in the December 31, 2023, valuation were based on the results of the 2020 experience analysis, dated October 28, 2020, for the period January 1, 2016, through December 31, 2019. Revised economic and demographic assumptions were adopted by the PERA Board of Directors at their November 20, 2020, meeting.

Based on the 2024 experience analysis, dated January 3, 2025, for the period January 1, 2020, to December 31, 2023, revised actuarial assumptions were adopted by PERA's Board of Directors on January 17, 2025, and were effective as of December 31, 2024. The following assumptions were reflected in the roll-forward calculation of the total pension liability from December 31, 2023, to December 31, 2024.

NOTE 7: Defined Benefit Pension Plan (Continued)

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

Salary scale assumptions were altered to better reflect actual experience. Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience. The estimated administrative expense as a percentage of covered payroll was increased from 0.40% to 0.45%.

The adjustments for credibility applied to the Pub-2010 mortality tables for active and retired lives, including beneficiaries, were updated based on the experience. All mortality assumptions are developed on a benefit-weighted basis. All of the following categories for the mortality tables are generationally projected using the 2024 adjusted MP-2021 projection scale.

- Pre-retirement mortality assumptions were based upon the PubT-2010 Employee Table.
- Post-retirement (retiree) non-disabled mortality assumptions were based upon the PubT-2010 Healthy Retiree Table, adjusted as follows: 1) males: 106% of the rates for all ages, and 2) females: 86% of the rates prior to age 85 and 115% of the rates for ages 85 and older.
- Post-retirement (beneficiary) non-disabled beneficiary mortality assumptions were based upon the Pub-2010 Contingent Survivor Table, adjusted as follows: 1) males: 92% of the rates for all ages, and 2) females: 100% of the rates for all ages.
- Disabled mortality assumptions were based upon the PubNS-2010 Disabled Retiree Table using 95% of the rates for all ages.

The long-term expected return on plan assets is monitored on an ongoing basis and reviewed as part of periodic experience studies prepared every four years, and asset/liability studies, performed every three to five years for PERA. The most recent analyses were outlined in the 2024 Experience Study report dated January 3, 2025.

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

The PERA Board first adopted the 7.25% long-term expected rate of return as of November 18, 2016. Following an asset/liability study, PERA's Board of Directors reaffirmed the assumed rate of return at the PERA Board of Director's November 15, 2019, meeting, and again at the Board's September 22, 2024, meeting. As of the most recent reaffirmation of the long-term rate of return, the target asset allocation, and best estimates of geometric real rates of return for each major asset class are summarized in the table as follows:

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
Global Equity	51.00%	5.00%
Fixed Income	23.00%	2.60%
Private Equity	10.00%	7.60%
Real Estate	10.00%	4.10%
Alternatives	6.00%	5.20%
Total	100.00%	

NOTE 7: Defined Benefit Pension Plan (Continued)

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

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 exptected nominal rate of return assumption of 7.25%.

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 to 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 Senate Bill (SB) 18-200, required adjustments resulting from the 2018 and 2020 AAP assessments. Employee contributions for future plan participants were used to reduce the estimated amount of total service costs for future plan members.
- District contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the scheduled increase in SB 18-200, required adjustments resulting from the 2018 and 2020 AAP assessments. District 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 District contributions reflect reductions for the funding of the annual increase reserve and retiree health care benefits. For future plan members, District 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 PERA Division Trust Funds, including SDTF, based upon the covered payroll. The annual direct distribution ceases when all PERA Division Trust Funds are fully funded.
- District contributions and the amount of total service costs for future plan participants were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The annual increase reserve balance was excluded from the initial fund net position, as, per statute, annual increase reserve amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. Annual increase reserve transfers to the fiduciary net position and the subsequent annual increase reserve benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the middle of the year.

Based on the above assumptions and methods, the SDTF's fiduciary net position was projected to be available to make all projected future benefit payments of current participants. 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.

NOTE 7: Defined Benefit Pension Plan (Continued)

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

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.25%, as well as the District's proportionate share of the net pension liability if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, as follows:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	$ 2,878,306	$ 2,123,008	$ 1,490,339

Pension Plan Fiduciary Net Position - Detailed information about the SDTF's fiduciary net position is available in PERA's separately issued annual comprehensive financial report, which may be obtained at https://copera.org/forms-resources/financial-reports-and-studies.

NOTE 8: Postemployment Healthcare Benefits

General Information

Plan Description - All employees of the District are eligible to receive postemployment benefits other than pensions (OPEB) through the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the Public Employees' Retirement Association of Colorado (PERA). Title 24, Article 51, Part 12 of the Colorado Revised Statutes (CRS), as amended, 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. CRS provisions may be amended by the Colorado General Assembly. PERA issues a publicly available financial report, that includes information on the HCTF, which may be obtained at https://copera.org/forms-resources/financial-reports-and-studies.

Benefits Provided - The HCTF provides a healthcare premium subsidy to eligible participating benefit recipients and retirees who choose to enroll in one of the PERA health care plans. However, the subsidy is not available if benefit recipients or retirees are only enrolled in the dental and/or vision plan(s). Eligibility to enroll is voluntary and includes benefit recipients, their eligible dependents, and surviving spouses, among others. Eligible benefit recipients may enroll in the HCTF upon retirement, upon the occurrence of certain life events, or on an annual basis during an open enrollment period. The health care premium subsidy is based on the benefit structure under which the member retires and the member's years of service credit. The basis for the amount of the premium subsidy funded by each trust fund is the percentage of the member contributions account balance from each division as it relates to the total member contribution account balance from which the retirement benefit is paid.

CRS § 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 are eligible for a premium subsidy, if enrolled in a health care plan under PERACare.

Enrollment in the PERACare health benefits program is voluntary and 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.

NOTE 8: Postemployment Healthcare Benefits (Continued)

General Information (Continued)

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, and $115 per month for benefit recipients who are over 65 years of age or who are under 65 years of age and entitled to Medicare. The maximum subsidy is based on 20 or more years of service. The subsidy is reduced by 5% for each year of service less than 20 years. The benefit recipient pays the remaining portion of the premium not covered by the subsidy.

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, CRS § 24-51-1206(4) provides an additional subsidy. According to the State statute, PERA cannot charge premiums to benefit recipients without Medicare Part A that are greater than premiums charged to benefit recipients with Part A for the same plan option, coverage level, and service credit. Currently, for each individual PERACare enrollee, the total premium for Medicare coverage is determined assuming plan participants have both Medicare Part A and Part B and the difference in premium cost is paid by the HCTF on behalf of recipients not covered by Medicare Part A.

Contributions - As established by Title 24, Article 51, Section 208(1)(f) of the CRS, as amended, 1.02% of the District's contributions to the School Division Trust Fund (SDTF) (Note 7) are apportioned to the HCTF. No employee contributions are required. These contribution requirements are established and may be amended by the State Legislature. The District's apportionment to the HCTF for the year ended June 30, 2025, was $9,464, equal to the required amount.

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

At June 30, 2025, the District reported a net OPEB liability of $37,668, representing its proportionate share of the net OPEB liability of the HCTF. The net OPEB liability was measured at December 31, 2024, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2023. Standard update procedures were used to roll forward the total OPEB liability to December 31, 2024. The District's proportion of the net OPEB liability was based on the District's contributions to the HCTF for the calendar year ended December 31, 2024, relative to the contributions of all participating employers.

At December 31, 2024, the District's proportion was 0.0078776044%, which was a decrease of 0.0007982617% from its proportion measured at December 31, 2023.

For the year ended June 30, 2025, the District recognized OPEB expense of ($23,884). At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 8,308
Changes of assumptions and other inputs	432	12,041
Net difference between projected and actual earnings on plan investments	128	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	-	21,163
Contributions subsequent to the measurement date	4,596	-
Total	$ 5,156	$ 41,512

NOTE 8: Postemployment Healthcare Benefits (Continued)

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

District contributions subsequent to the measurement date of $4,596 will be recognized as a reduction of the net OPEB liability in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

Year Ended June 30,	
2026	$ (11,680)
2027	(8,718)
2028	(10,116)
2029	(5,088)
2030	(3,634)
2031	(1,716)
Total	$ (40,952)

Actuarial Assumptions - The actuarial valuation as of December 31, 2023, determined the total OPEB liability using the following actuarial cost method, actuarial assumptions, and other inputs, applied to all periods included in the measurement.

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%
Heath care cost trend rates:	
Service-based premium subsidy	0.0%
PERACare Medicare plans	
16% in 2024, then 6.75% in 2025, gradually decreasing to 4.5% in 2034	
MAPD PPO #2	
105% in 2024, then 8.55% in 2025, gradually decreasing to 4.50% in 2034	
Medicare Part A premiums:	
3.5% in 2024, gradually increasing to 4.5% in 2033	

The total OPEB liability for the HCTF, as of the December 31, 2024, measurement date, was adjusted to reflect the disaffiliation of Tri-County Health Department (Tri-County Health), effective December 31, 2022. The additional employer disaffiliation payment allocation to the HCTF and the Local Government Division Trust Fund were $0.020 million and $0.486 million, respectively.

Annually, the per capita health care costs are developed by plan option. At December 31, 2023, actuarial valuation and costs are based on 2024 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 to all members and is adjusted accordingly for those not eligible for premium-free Medicare Part A for the PERA benefit structure.

NOTE 8: Postemployment Healthcare Benefits (Continued)

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

In determining the additional liability for PERACare enrollees who are age 65 or older and who are not eligible for premium-free Medicare Part A in the December 31, 2023, valuation, the following monthly costs/premium are assumed for 2024 for the PERA Benefit Structure:

Sample Age	MAPD PPO #1 with Medicare Part A for Retiree / Spouse		MAPD PPO #2 with Medicare Part A for Retiree / Spouse		MAPD HMO (Kaiser) with Medicare Part A for Retiree / Spouse	
	Male	Female	Male	Female	Male	Female
65	$ 1,710	$ 1,420	$ 585	$ 486	$ 1,897	$ 1,575
70	$ 1,921	$ 1,589	$ 657	$ 544	$ 2,130	$ 1,763
75	$ 2,122	$ 1,670	$ 726	$ 571	$ 2,353	$ 1,853

Sample Age	MAPD PPO #1 without Medicare Part A for Retiree / Spouse		MAPD PPO #2 without Medicare Part A for Retiree / Spouse		MAPD HMO (Kaiser) without Medicare Part A for Retiree / Spouse	
	Male	Female	Male	Female	Male	Female
65	$ 6,536	$ 5,429	$ 4,241	$ 3,523	$ 7,063	$ 5,866
70	$ 7,341	$ 6,073	$ 4,764	$ 3,941	$ 7,933	$ 6,563
75	$ 8,110	$ 6,385	$ 5,262	$ 4,143	$ 8,763	$ 6,900

The 2024 Medicare Part A premium is $505 per month. All costs are subject to the health care cost trend rates.

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. Medicare plan rates are applied where members have no premium-free Part A and where those premiums are already exceeding the maximum subsidy. MAPD PPO #2 has a separate trend, because the first year rates are still below the maximum subsidy and to reflect the estimated impact of the Inflation Reduction Act for that plan option.

NOTE 8: Postemployment Healthcare Benefits (Continued)

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

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

Measurement Year	PERACare Medicare Plans *	PERACare Medicare Plans *	Medicare Part A Premiums
2024	16.00%	105.00%	3.50%
2025	6.75%	8.55%	3.75%
2026	6.50%	8.10%	3.75%
2027	6.25%	7.65%	4.00%
2028	6.00%	7.20%	4.00%
2029	5.75%	6.75%	4.25%
2030	5.50%	6.30%	4.25%
2031	5.25%	5.85%	4.25%
2032	5.00%	5.40%	4.25%
2033	4.75%	4.95%	4.50%
2034+	4.50%	4.50%	4.50%

*Increase in 2024 trend rates due to the effect of the Inflation Reduction Act.

Mortality assumptions used in the December 31, 2023, valuation for the determination of the total pension liability, reflect generational mortality and were applied, as applicable, in the December 31, 2023, valuation for the HCTF, but developed using a headcount-weighted basis. SDTF participates in the HCTF (Note 7).

All categories of the mortality tables are generationally projected using scale MP-2019.

- The pre-retirement mortality assumptions for the SDTF were based upon the PubT-2010 Employee Table.
- Post-retirement non-disabled mortality assumptions for the SDTF were based upon the PubT-2010 Healthy Retiree Table, adjusted as follows: 1) males: 112% of the rates prior to age 80 and 94% of the rates for ages 80 and older, and 2) females: 83% of the rates prior to age 80 and 106% of the rates for ages 80 and older.
- Disabled mortality assumptions were based upon the PubNS-2010 Disabled Retiree table using 99% of the rates for all ages.

The health care costs assumptions were updated and used in the roll-forward calculation for the HCTF. Per capita health care costs as of the December 31, 2023, valuation date for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits were updated to reflect the costs for the 2024 plan year. The healthcare cost trend rates applicable to health care premiums were revised to reflect the then-current expectation of future increases in those premiums. A separate trend rate assumption set was added for MAPD PPO #2 as the first-year rate is still below the maximum subsidy and also the assumption set reflects the estimated impact of the Inflation Reduction Act for that plan option. The Medicare health care plan election rate assumptions were updated effective as of the December 31, 2023, valuation rate based on an experience analysis of recent data.

NOTE 8: Postemployment Healthcare Benefits (Continued)

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

The actuarial assumptions used in the December 31, 2023, valuations were based on the results of the 2020 experience analysis, dated October 28, 2020, and November 4, 2020, for the period January 1, 2016, through December 31, 2019, and were reviewed and adopted by the PERA Board of Directors at their November 20, 2020, meeting.

Based on the 2024 experience analysis, dated January 3, 2025, for the period January 1, 2020, to December 31, 2023, revised actuarial assumptions were adopted by PERA's Board of Directors on January 17, 2025, and were effective as of December 31, 2024. The following assumptions were reflected in the roll forward calculation of the total OPEB liability from December 31, 2023, to December 31, 2024.

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

- Salary increases, including wage inflation for the SDTF were 4% - 13.40%.
- Salary scale assumptions were altered to better reflect actual experience.
- Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.
- Participation rates were reduced.
- MAPD premium costs are no longer age graded.

Plan	With Medicare Part A	With Medicare Part A
MAPD PPO#1	$ 1,824.00	$ 6,972.00
MAPD PPO#2	$ 624.00	$ 4,524.00
MAPD HMO (Kaiser)	$ 2,040.00	$ 7,596.00

The adjustments for credibility applied to the Pub-2010 mortality tables for active and retired lives, including beneficiaries, were updated based on the experience. All categories in the mortality tables are generationally projected using the 2024 adjusted MP-2021 project scale. These assumptions updated for the Division Trust Funds, were also applied in the roll-forward calculations for the HCTF using a headcount-weighted basis. Affiliated employers of the SDTF participate in the HCTF (Note 7).

- The pre-retirement mortality assumptions for the SDTF were based upon the PubT-2010 Employee Table.
- Post-retirement non-disabled mortality assumptions for the SDTF were based upon the PubT-2010 Healthy Retiree Table, adjusted as follows: 1) males: 106% of the rates for all ages, and 2) females: 86% of the rates prior to age 85 and 115% of the rates for ages 85 and older.
- Disabled mortality assumptions were based upon the PubNS-2010 Disabled Retiree Table using 95% of the rates for all ages.

The actuarial assumptions pertaining to per capita health care costs and their related trend rates are analyzed annually and updated, as appropriate, by the PERA Board of Director's actuary.

The long-term expected return on plan assets is monitored on an ongoing basis and reviewed as part of periodic experience studies prepared every four years, and asset/liability studies, performed every three-to-five years for PERA. The most recent analyses were outlined in the 2024 Experience Study report dated January 3, 2025.

NOTE 8: Postemployment Healthcare Benefits (Continued)

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

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

The PERA Board first adopted the 7.25% long-term expected rate of return as of November 18, 2016. Following an asset/liability study, the Board reaffirmed the assumed rate of return at the PERA Board of Director's meetings on November 15, 2019, and the September 20, 2024.

As of the most recent reaffirmation of the long-term rate of return, the target asset allocation, and best estimates of geometric real rates of return for each major asset class are summarized in the table as follows:

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
Global Equity	51.00%	5.00%
Fixed Income	23.00%	2.60%
Private Equity	10.00%	7.60%
Real Estate	10.00%	4.10%
Alternatives	6.00%	5.20%
Total	100.00%	

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

Discount rate - The discount rate used to measure the total OPEB liability was 7.25%. The projection of cash flows used to determine the discount rate applied the actuarial cost method and assumptions. 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, 2024, 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%.
- 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.

NOTE 8: Postemployment Healthcare Benefits (Continued)

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

- 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.
- As of December 31, 2024, measurement date, the fiduciary net position and related disclosure components for the HCTF reflect payments related to disaffiliation of Tri-County Health Department as a PERA-affiliated employer, effective December 31, 2022. As of December 31, 2023, 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 additional employer disaffiliation payment allocations to the HCTF and Local Government Division Trust Fund were $0.020 million and $0.486 million, respectively.

Based on the above assumptions and methods, the HCTF's fiduciary net position 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 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**	5.75%	6.75%	7.75%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial MAPD PPO#2 trend rate**	7.55%	8.55%	9.55%
Ultimate MAPD PPO#2 trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate**	2.75%	3.75%	4.75%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability	$ 36,653	$ 37,668	$ 38,817

** For the January 1, 2025, plan year.

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	$ 46,163	$ 37,668	$ 30,345

NOTE 8: Postemployment Healthcare Benefits (Continued)

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

OPEB Plan Fiduciary Net Position - Detailed information about the HCTF's fiduciary net position is available in PERA's separately issued annual comprehensive financial report, which may be obtained at https://copera.org/forms-resources/financial-reports-and-studies.

NOTE 9: Commitments and Contingencies

Claims and Judgments

The District participates in a number of federal, state, and local programs that are fully or partially funded by grants received from other governmental entities. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the District may be required to reimburse the grantor government. At June 30, 2025, significant amounts of grant expenditures have not been audited but management believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the District.

Tabor Amendment

In November 1992, Colorado voters passed Article X, Section 20 (the Amendment) to the State Constitution which limits state and local government taxing powers and imposes spending limits. The District is subject to the Amendment.

On November 4, 1997, the voters of the District approved a referendum for Edison School District 54JT. The voters authorized the District to collect, retain and expend all revenues and other funds collected 1998 and each subsequent year from any source notwithstanding the limitations of Article, Section 20 of the Colorado Constitution, effective January 1, 1998, provided that no property tax mill levy shall be increased at any time, nor shall any new tax be imposed without the prior approval of the voters of the District.

In November 1996, voters within the District authorized the District to collect and to expend the full revenues received by the District from any source in the current fiscal year and in each fiscal year thereafter, notwithstanding the limits of the Amendment. The Amendment is subject to many interpretations, but the District believes it is in substantial compliance with the Amendment. The Amendment requires the District to establish a reserve for emergencies, representing 3% of qualifying expenditures. At June 30, 2025, the District's emergency reserve was reported as restricted fund balance in the General Fund, in the amount of $80,000.

Litigation

The District from time to time is involved in various legal matters. In the opinion of the District's counsel, there are no pending legal issues that would have a material adverse effect on the financial condition of the District.

NOTE 10: Joint Venture

The District, in conjunction with other surrounding districts, participates in the Pikes Peak Board of Cooperative Educational Services (BOCES). The BOCES is an organization that provides member districts educational services at a shared lower cost per district. The BOCES board is comprised of one member from each participating district. During the year ended June 30, 2025, the District contributed $68,014 to the BOCES. Separate financial statements for the BOCES are available at 2883 South Circle Drive, Colorado Springs, CO 80906, or online at https://www.ppboces.org.

NOTE 11: Related-Party Transactions

Several Board of Education members are also employees of the District. Mitigating controls have been implemented in order to mitigate any conflicts of interest.

NOTE 12: Restatement - Correction of an Error

The District identified a correction of an error to the beginning net position on the government-wide financial statements, specifically related to the start of the roof replacement project that should have been capitalized during the fiscal year ended June 30, 2024. This was required in order to correct beginning net position related to capital assets for the fiscal year ended June 30, 2024, summarized as follows:

	Governmental Activities
Net Position/Fund Balance, Beginning, as Originally Stated	$ 16,675,441
Capital Assets, Not Being Depreciated	248,466
Net Position/Fund Balance, Beginning, as Restated	$ 16,923,907

REQUIRED SUPPLEMENTARY INFORMATION

EDISON SCHOOL DISTRICT 54JT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
Year Ended June 30, 2025

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE Positive (Negative)
REVENUES				
Local Sources				
Property Taxes	$ 225,888	$ 225,888	$ 194,629	$ (31,259)
Specific Ownership Taxes	17,665	17,665	17,671	6
Tuition and Fees	-	-	4,480	4,480
Rental Income	-	-	375	375
Investment Income	20,000	20,000	194,346	174,346
Miscellaneous	14,540	14,540	13,611	(929)
County Sources	15	15	19	4
State Grants	2,354,672	2,354,672	2,214,368	(140,304)
Federal Grants	65,927	65,927	168,027	102,100
TOTAL REVENUES	2,698,707	2,698,707	2,807,526	108,819
EXPENDITURES				
Current				
Instruction	1,484,092	1,484,092	1,038,287	445,805
Supporting Services				
Students	38,755	38,755	26,897	11,858
Instructional Staff	6,101	6,101	13,892	(7,791)
General Administration	170,632	170,632	168,034	2,598
School Administration	32,916	32,916	33,943	(1,027)
Business Services	236,000	236,000	244,227	(8,227)
Operations and Maintenance	475,547	475,547	389,002	86,545
Student Transportation	163,852	163,852	159,031	4,821
Central Support	164,947	164,947	211,010	(46,063)
Facilities Acquisition	42,500	42,500	250,296	(207,796)
Contingency	143,000	143,000	-	143,000
Total Supporting Services	1,474,250	1,474,250	1,496,332	(22,082)
TOTAL EXPENDITURES	2,958,342	2,958,342	2,534,619	423,723
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(259,635)	(259,635)	272,907	532,542
OTHER FINANCING SOURCES (USES)				
Transfers Out	(25,977)	(25,977)	-	25,977
TOTAL OTHER FINANCING SOURCES (USES)	(25,977)	(25,977)	-	25,977
CHANGE IN FUND BALANCE	(285,612)	(285,612)	272,907	558,519
FUND BALANCE, Beginning	62,096	62,096	3,898,657	3,836,561
FUND BALANCE, Ending	$ (223,516)	$ (223,516)	$ 4,171,564	$ 4,395,080

EDISON SCHOOL DISTRICT 54JT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AND CONTRIBUTIONS
PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION OF COLORADO SCHOOL DIVISION TRUST FUND
June 30, 2025

MEASUREMENT YEAR	12/31/24	12/31/23	12/31/22	12/31/21
PROPORTIONATE SHARE OF THE NET PENSION LIABILITY				
District's Proportion of the Net Pension Liability	0.0123037959%	0.0145021991%	0.0143277788%	0.0188153086%
District's Proportionate Share of the Net Pension Liability	$ 2,123,008	$ 2,564,485	$ 2,020,281	$ 1,964,412
State's Proportionate Share of the Net Pension Liability Associated with the District	190,680	56,232	588,730	225,195
Total Proportionate Share of the Net Pension Liability	$ 2,313,688	$ 2,620,717	$ 11,405,579	$ 14,390,797
District's Covered Payroll	$ 950,769	$ 958,724	$ 1,125,074	$ 1,175,895
District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	223%	267%	180%	167%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	67%	65%	62%	75%
FISCAL YEAR	6/30/25	6/30/24	6/30/23	6/30/22
DISTRICT CONTRIBUTIONS				
Statutorily Required Contribution	$ 189,095	$ 192,723	$ 224,396	$ 233,768
Contributions in Relation to the Statutorily Required Contribution	(189,095)	(192,723)	(224,396)	(233,768)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -
District's Covered Payroll	$ 927,845	$ 945,647	$ 1,125,074	$ 1,175,895
Contributions as a Percentage of Covered Payroll	20.38%	20.38%	19.94%	19.88%

	12/31/20	12/31/19	12/31/18	12/31/17	12/31/16	12/31/15
	0.0216742741%	0.0196095903%	0.0200303669%	0.0222182104%	0.0220739320%	0.0219419078%
	$ 1,159,316	$ 1,152,237	$ 1,101,177	$ 1,024,900	$ 935,292	$ 956,223
	-	329,760	-	-	-	-
	$ 13,880,496	$ 16,525,189	$ 30,975,844	$ 24,884,626	$ 15,150,542	$ 14,314,484
	$ 1,684,428	$ 2,097,377	$ 1,864,704	$ 1,820,709	$ 1,732,638	$ 1,873,716
	69%	55%	59%	56%	54%	51%
	67%	65%	57%	44%	43%	59%

	06/30/21	06/30/20	06/30/19	06/30/18	06/30/17	06/30/16
	$ 234,302	$ 227,152	$ 216,165	$ 200,153	$ 183,235	$ 172,001
	(234,302)	(227,152)	(216,165)	(200,153)	(183,235)	(172,001)
	$ -	$ -	$ -	$ -	$ -	$ -
	$ 1,180,067	$ 1,172,710	$ 1,130,428	$ 1,060,246	$ 994,553	$ 969,741
	19.85%	19.37%	19.12%	18.88%	18.42%	17.74%

EDISON SCHOOL DISTRICT 54JT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY AND CONTRIBUTIONS
PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION OF COLORADO HEALTH CARE TRUST FUND
June 30, 2025

MEASUREMENT YEAR	12/31/24	12/31/23	12/31/22	12/31/21
PROPORTIONATE SHARE OF THE NET OPEB LIABILITY				
District's Proportion of the Net OPEB Liability	0.0078776044%	0.0086758661%	0.0109001373%	0.0122849469%
District's Proportionate Share of the Net OPEB Liability	$ 37,668	$ 463,935	$ 88,979	$ 119,126
District's Covered Payroll	$ 950,769	$ 958,724	$ 1,125,074	$ 1,175,895
District's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	3.96%	48.39%	7.91%	10.13%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	60%	46%	39%	39%
FISCAL YEAR	6/30/25	6/30/24	6/30/23	6/30/22
DISTRICT CONTRIBUTIONS				
Statutorily Required Contribution	$ 9,464	$ 9,646	$ 11,251	$ 11,994
Contributions in Relation to the Statutorily Required Contribution	(9,464)	(9,646)	(11,251)	(11,994)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -
District's Covered Payroll	$ 927,845	$ 945,647	$ 1,125,074	$ 1,175,895
Contributions as a Percentage of Covered Payroll	1.02%	1.02%	1.02%	1.02%

This schedule is presented to show information for 10 years. Until information for the full 10-year period is available, presentation will be shown for the years it is available.

	12/31/20	12/31/19	12/31/18	12/31/17
	0.0125365842%	0.0128146214%	0.0130198434%	0.0126243051%
	$ 119,126	$ 144,036	$ 177,140	$ 164,065
	$ 1,684,428	$ 2,097,377	$ 1,864,704	$ 1,820,709
	7.07%	6.87%	9.50%	9.01%
	33%	24%	17%	18%

	6/30/21	6/30/20	6/30/19	6/30/18
	$ 12,037	$ 12,020	$ 11,530	$ 10,865
	(12,037)	(12,020)	(11,530)	(10,865)
	$ -	$ -	$ -	$ -
	$ 1,180,067	$ 1,172,710	$ 1,130,428	$ 1,060,246
	1.02%	1.02%	1.02%	1.02%

NOTE 1: Stewardship, Compliance, and Accountability

Budgetary Information

Budgets are adopted for all funds on a basis consistent with generally accepted accounting principles. The District adheres to the following procedures to establish the budgetary information reflected in the financial statements.

- Management 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.
- Public hearings are conducted by the District's Board of Education to obtain taxpayer comments.
- Prior to June 30, the budget is adopted by formal resolution.
- Expenditures may not legally exceed appropriations at the fund level. Authorization to transfer budget amounts between programs and/or departments within any fund and the reallocation of budget line items within any program and/or department rests with the Superintendent. Revisions that alter the total expenditures of any fund must be approved by the Board of Education.
- All budget appropriations lapse at fiscal year-end.

Budget Compliance

At June 30, 2025, the District's food service fund actual expenditures exceeded budgeted expenditures by $4,942. In addition, the food service fund actual ending fund balance and budgeted fund balance exceeded available resources in the amount of $22,772 and $30,228, respectively. These may be a violations of state statutes.

NOTE 2: Significant Changes in Plan Provisions Affecting Trends in Actuarial Information

STDF Plan - Senate Bill (SB) 23-056, enacted and effective June 2, 2023, intended to recompense PERA for the remaining portion of the $225 million direct distribution originally scheduled for receipt July 1, 2020, suspended due to the enactment of House Bill (HB) 20-1379, but not fully repaid through the provisions within HB 22-1029. Pursuant to SB 23-056, the State Treasurer issued a warrant consisting of the balance of the PERA Payment Cash Fund, created in §24-51-416, plus $10 million from the General Fund, totaling $14.561 million.

As of the December 31, 2023, measurement date, the total pension liability (TPL) recognizes the change in the default method applied for granting service accruals for certain members, from a "12-pay" method to a "non-12-pay" method. The default service accrual method for positions with an employment pattern of at least eight months but fewer than 12 months (including, but not limited to positions in the School and DPS Divisions) receive a higher ratio of service credit for each month worked, up to a maximum of 12 months of service credit per year.

HCTF Plan - As of the December 31, 2023, measurement date, the fiduciary net position (FNP) and related disclosure components for the Health Care Trust Fund (HCTF) reflect payments related to the disaffiliation of Tri-County Health Department (Tri-County Health) 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.

As of the December 31, 2024, measurement date, the fiduciary net position, and related disclosure components for HCTF reflect additional payments related to the disaffiliation of Tri-County Health Department as a PERA-affiliated employer, effective December 31, 2022. The additional employer disaffiliation payment allocations to the HCTF and Local Government Division Trust Fund were $0.020 million and $0.486 million, respectively.

For RSI disclosures reported in previous years, refer to the PERA's annual comprehensive financial report (ACFR) notes to the required supplementary information at the following link: https://copera.org/forms-resources/financial-reports-and-studies.

NOTE 3: Changes in Assumptions and Other Inputs

STDF Plan – Salary scale assumptions were altered to better reflect actual experience. Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience. The Pub-2010 Public Retirement Plans Mortality base tables were retained for purposes of active, retired, disabled, and beneficiary lives, with revised adjustments for credibility and gender, where applicable. In addition, the applied generational projection scale was updated to the 2024 adjusted scale MP-2021. The estimated administrative expense as a percentage of covered payroll was increased from 0.40% to 0.45%.

SB 25-310 was enacted on June 2, 2025, and effective immediately, allows PERA to accept a series of warrants from the State Treasurer totaling $500 million on or after July 1, 2025, and before October 1, 2025. These dollars will be proportioned over time to replace reductions to the future direct distributions intended to fund the Peace Officer Training and Support Fund and, at that time, will be allocated to the appropriate Division Trust Fund(s) within PERA. SB 25-310 also allows for an alternative actuarial method to allocate the direct distribution if the allocation, based on the reported payroll of each participating division, results in an AAP assessment ratio below the 98% benchmark.

HCTF Plan – Salary scale assumptions were altered to better reflect actual experience. Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience. The adjustments for credibility applied to the Pub-2010 mortality tables for active and retired lives, including beneficiaries, were updated based on experience. In addition, the mortality projection scale was updated to the 2024 adjusted scale MP-2021 to reflect future improvements in mortality for all groups. Participation rates were reduced. MAPD premium costs are no longer age graded.

For RSI disclosures reported in previous years to the PERA's annual comprehensive financial report (ACFR) notes to the required supplementary information may be obtained as follows: https://copera.org/forms-resources/financial-reports-and-studies.

COMBINING AND INDIVIDUAL NONMAJOR FUND STATEMENTS AND BUDGETARY COMPARISON SCHEDULES

EDISON SCHOOL DISTRICT 54JT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2025

	FOOD SERVICE	STUDENT ACTIVITY	DEBT SERVICE	TOTAL
ASSETS				
Cash	$ -	$ 64,519	$ 128,546	$ 193,065
Taxes Receivable	-	-	26,767	26,767
Accounts Receivable	3,583	-	-	3,583
Inventory	5,237	-	-	5,237
TOTAL ASSETS	$ 8,820	$ 64,519	$ 155,313	$ 228,652
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts Payable	$ 150	$ -	-	$ 150
Accrued Salaries and Benefits	5,768	-	-	5,768
Interfund Payable	25,674	-	-	25,674
TOTAL LIABILITIES	31,592	-	-	31,592
DEFERRED INFLOWS OF RESOURCES				
Property Taxes	$ -	$ -	$ 26,767	$ 26,767
FUND BALANCES				
Nonspendable Inventory	5,237	-	-	5,237
Restricted for Debt Service	-	-	128,546	128,546
Assigned to Student Activities	-	64,519	-	64,519
Unassigned	(28,009)	-	-	(28,009)
TOTAL FUND BALANCES	(22,772)	64,519	128,546	170,293
TOTAL LIABILITIES AND AND FUND BALANCES	$ (22,622)	$ 64,519	$ 155,313	$ 197,210

EDISON SCHOOL DISTRICT 54JT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
Year Ended June 30, 2025

	FOOD SERVICE	STUDENT ACTIVITY	DEBT SERVICE	TOTAL
REVENUES				
Local Sources	$ 4,499	$ 22,048	$ 32,035	$ 58,582
State Sources	3,786	-	-	3,786
Federal Sources	40,210	-	-	40,210
TOTAL REVENUES	48,495	22,048	32,035	102,578
EXPENDITURES				
Current				
Instruction	-	15,919	-	15,919
Supporting Services	-	-	250	250
Food Services	85,438	-	-	85,438
Debt Services				
Principal	-	-	20,000	20,000
Interest	-	-	10,500	10,500
TOTAL EXPENDITURES	85,438	15,919	30,750	132,107
CHANGES IN FUND BALANCES	(36,943)	6,129	1,285	(29,529)
FUND BALANCES, Beginning	14,171	58,390	127,261	199,822
FUND BALANCES, Ending	$ (22,772)	$ 64,519	$ 128,546	$ 170,293

EDISON SCHOOL DISTRICT 54JT
BUDGETARY COMPARISON SCHEDULE
FOOD SERVICE FUND
Year Ended June 30, 2025

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE Positive (Negative)
REVENUES				
Local Sources				
Fees	$ 12,900	$ 12,900	$ 4,469	$ (8,431)
Miscellaneous	-	-	30	30
State Grants	5,490	5,490	3,786	(1,704)
Federal Grants	30,562	30,562	40,210	9,648
TOTAL REVENUES	48,952	48,952	48,495	(457)
EXPENDITURES				
Current				
Salaries	29,800	29,800	29,885	(85)
Benefits	8,296	8,296	11,911	(3,615)
Purchased Services	2,000	2,000	481	1,519
Supplies and Materials	39,300	39,300	42,617	(3,317)
Other	1,100	1,100	544	556
TOTAL EXPENDITURES	80,496	80,496	85,438	(4,942)
CHANGE IN FUND BALANCE	(31,544)	(31,544)	(36,943)	(5,399)
FUND BALANCE, Beginning	1,316	1,316	14,171	12,855
FUND BALANCE, Ending	$ (30,228)	$ (30,228)	$ (22,772)	$ 7,456

EDISON SCHOOL DISTRICT 54JT
BUDGETARY COMPARISON SCHEDULE
STUDENT ACTIVITY FUND
Year Ended June 30, 2025

	BUDGET			VARIANCE Positive (Negative)
	ORIGINAL	FINAL	ACTUAL	
REVENUES				
Local Sources				
Student Activity Fees	$ 21,118	$ 21,118	$ 22,048	$ 930
EXPENDITURES				
Current				
Supporting Services	37,452	37,452	15,919	21,533
CHANGE IN FUND BALANCE	(16,334)	(16,334)	6,129	22,463
FUND BALANCE, Beginning	16,334	16,334	58,390	42,056
FUND BALANCE, Ending	$ -	$ -	$ 64,519	$ 64,519

EDISON SCHOOL DISTRICT 54JT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
Year Ended June 30, 2025

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE Positive (Negative)
REVENUES				
Local Sources				
Property Taxes	$ 40,000	$ 40,000	$ 32,035	$ (7,965)
EXPENDITURES				
Debt Service				
Principal	5,000	5,000	20,000	(15,000)
Interest	25,500	25,500	10,500	15,000
Fees and Charges	250	250	250	-
Contingency	168,511	168,511	-	168,511
TOTAL EXPENDITURES	199,261	199,261	30,750	168,511
CHANGE IN FUND BALANCE	(159,261)	(159,261)	1,285	160,546
FUND BALANCE, Beginning	140,541	140,541	127,261	(13,280)
FUND BALANCE, Ending	$ (18,720)	$ (18,720)	$ 128,546	$ 147,266

COMPLIANCE SECTION

STATE COMPLIANCE

Colorado Department of Education
Auditors Integrity Report
District: 1120 - Edison 54 JT
Fiscal Year 2024-25
Colorado School District/BOCES

Revenues, Expenditures, & Fund Balance by Fund

Fund Type &Number	Beg Fund Balance & Prior Per Adj (6880*) +	1000 - 5999 Total Revenues & Other Sources	0001-0999 Total Expenditures & Other Uses -	6700-6799 & Prior Per Adj (6880*) Ending Fund Balance =
Governmental				
10 General Fund	3,879,592	2,774,495	2,484,513	4,169,574
18 Risk Mgmt Sub-Fund of General Fund	0	0	0	0
19 Colorado Preschool Program Fund	-53,722	33,424	61,078	-81,377
Sub- Total	**3,825,870**	**2,807,919**	**2,545,592**	**4,088,198**
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	14,171	48,494	85,439	-22,774
22 Govt Designated-Purpose Grants Fund	0	0	0	0
23 Pupil Activity Special Revenue Fund	58,389	22,048	15,919	64,518
25 Transportation Fund	0	0	0	0
31 Bond Redemption Fund	127,261	32,035	30,750	128,546
39 Certificate of Participation (COP) Debt Service Fund	0	0	0	0
41 Building Fund	0	0	0	0
42 Special Building Fund	0	0	0	0
43 Capital Reserve Capital Projects Fund	0	0	0	0
46 Supplemental Cap Const, Tech, Main Fund	0	0	0	0
Totals	**4,025,692**	**2,910,496**	**2,677,700**	**4,258,488**
Proprietary				
50 Other Enterprise Funds	0	0	0	0
64 (63) Risk-Related Activity Fund	72,793	4,220	-6,353	83,366
60,65-69 Other Internal Service Funds	0	0	0	0
Totals	**72,793**	**4,220**	**-6,353**	**83,366**
Fiduciary				
70 Other Trust and Agency Funds	0	0	0	0
72 Private Purpose Trust Fund	0	0	0	0
73 Agency Fund	0	0	0	0
74 Pupil Activity Agency Fund	0	0	0	0
79 GASB 34:Permanent Fund	0	0	0	0
85 Foundations	0	0	0	0
Totals	**0**	**0**	**0**	**0**

FINAL