Huerfano School District Re-1

HUERFANO SCHOOL DISTRICT RE-1
WALSENBURG, COLORADO

FINANCIAL STATEMENTS
AND THE INDEPENDENT AUDITOR'S REPORT

FOR THE FISCAL YEAR ENDED
JUNE 30, 2025

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INDEPENDENT AUDITOR'S REPORT

Board of Education
Huerfano School District RE-1
Walsenburg, Colorado

Report on the Audit of the Financial Statements

Disclaimer of Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Huerfano School District RE-1 (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.

Summary of Opinions

Opinion Unit	Type of Opinion
Governmental Activities	Disclaimer
Discretely Presented Component Unit	Disclaimer
Governmental Fund – General Fund	Disclaimer
Governmental Fund – Bond Redemption Fund	Disclaimer
Governmental Fund – Building Fund	Disclaimer
Aggregate Remaining Fund Information	Disclaimer

We do not express an opinion on the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the District. Because of the significance of the matter described in the Basis for Disclaimer of Opinion on the governmental activities, discretely presented component unit, each major fund, and the aggregate remaining fund information, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information.

We did not audit the financial statements of the discretely presented component unit, Garden Valley School (the School), which is both a major fund and represents 100% percent of the assets, net position, and revenues of the discretely presented component unit as of June 30, 2025. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Academy, is based solely on the report of the other auditors.

Basis for Disclaimer of Opinion on the Governmental Activities, Discretely Presented Component Unit, Each Major Fund, and the Aggregate Remaining Fund Information

We were unable to express an opinion on the governmental activities, discretely presented component unit, each major fund, and the aggregate remaining fund information, because the District's accounting records were not adequate. The District's accounting records were not adequate, because 1) bank reconciliations, grants, and other accounting records, were not properly reconciled within a reasonable amount of time after the year-end, 2) multiple classes of transactions and account balances in the financial statements were unsubstantiated, 3) information was not provided in a timely manner, and 4) information was not available for audit procedures. As of the date of our report, management was still in the process of rectifying the deficiencies in the District's accounting records and account balances, performing various account analysis, and correcting the misstatements. As a result of these matters, we were unable to determine whether the financial statements required audit adjustments.

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 responsibility is to conduct an audit of the District's financial statements in accordance with generally accepted auditing standards and to issue an auditor's report. However, because of the matter described in the Basis for Disclaimer of Opinion on the governmental activities, each major fund, and the aggregate remaining fund information section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information.

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.

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

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 GAAS, 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 were unable to apply certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America because the audit opinion was disclaimed and information was not available. We do not express an opinion or provide any assurance on the information.

Board of Education
Huerfano School District RE-1

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 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, except for the effects on the supplementary information of the disclaimer of an opinion on the basic financial statements as explained in the Basis for Disclaimer of an Opinion section, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

DMC Auditing and Consulting, LLC

September 14, 2026
Bailey, Colorado

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BASIC FINANCIAL STATEMENTS

Huerfano County School District RE-1

Statement of Net Position
June 30, 2025

	Governmental Activities	Compnent Unit - Charter School
ASSETS AND DEFERRED OUTFLOWS OF FINANCIAL RESOURCES		
Assets		
Current Assets		
Cash and Investments	$ 5,775,535	$ 694,493
Cash with Fiscal Agent	2,680,290	-
Taxes Receivable	324,343	-
Grants Receivable	813,510	75,645
Other Accounts receivable	-	9,389
Inventory	7,663	-
Prepaid Expenses	43,590	24,655
Capital and Other Assets		
Capital Assets not Being Depreciated	41,034,141	-
Capital Assets Being Depreciated	21,399,490	245,143
Accumulated Depreciation	(12,809,583)	(45,181)
Total Assets	59,268,979	1,004,144
Deferred Outflows of Financial Resources		
Net Pension Deferred Outflows	2,367,268	241,561
Net OPEB Deferred Outflows	21,369	16,956
Total Deferred Outflows of Financial Resources	2,388,637	258,517
TOTAL ASSETS AND DEFERRED OUTFLOWS OF FINANCIAL RESOURCES	$ 61,657,616	$ 1,262,661
LIABILITIES, DEFERRED INFLOWS AND NET POSITION		
Liabilities		
Current Liabilities		
Interfund Accounts Payable	$ -	$ 40,683
Accounts Payable	1,258,764	13,778
Retainage Payable	1,049,656	-
Accrued Interest	21,342	-
Accrued Salaries & Benefits	431,457	54,071
Payroll Taxes & Deductions Payable	(67,230)	-
Unearned Revenue Grants	10,898	9,176
Noncurrent Liabilities		
Due Within One Year	585,377	-
Due In More Then One Year	22,960,196	1,381,043
Total Liabilities	26,250,460	1,498,751
Deferred Inflows of Financial Resources		
Net Pension Deferred Inflows	2,057,392	82,668
Net OPEB Deferred Inflows	146,837	16,484
Bond Premiums	985,597	-
Total Deferred Inflows of Financial Resources	3,189,826	99,152
Net Position		
Net Investment in Capital Assets	35,532,778	199,962
Restricted Net Position	3,418,198	41,100
Unrestricted Net Position	(6,733,646)	(576,304)
Total Net Position	32,217,330	(335,242)
TOTAL LIABILITIES, DEFERRED OUTFLOWS AND NET POSITION	$ 61,657,616	$ 1,262,661

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

Huerfano County School District RE-1

Statement of Activities
For the Year Ended June 30, 2025

		Progam Revenues			Net (Expense) Revenue and Change in Net Position	
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**	**Primary Government - Governmental Activities**	**Component Unit - Charter School**
Primary Government						
Governmental Activities						
Instruction	$ 3,459,750	$ 78,767	$ 811,542	$ -	$ (2,569,441)	$ -
Supporting Services	3,931,403	22,523	905,555	2,948,683	(54,642)	-
Total Primary Government	$ 7,391,153	$ 101,290	$ 1,717,097	$ 2,948,683	(2,624,083)	-
Component Unit - Charter School	$ (1,098,888)	$ -	$ 297,908	$ 20,118	$ -	(780,862)
	General Revenues					
	Property Taxes				4,302,260	-
	Specific Ownership Taxes				453,062	-
	State Equalization				1,826,916	1,016,605
	Investment Earnings				383,043	17,515
	Insurance Proceeds				1,182	-
	Other Revenues				64,512	1,896
	Total General Revenues				7,030,975	1,036,016
	Change in Net Position				4,406,892	255,154
	Beginning Net Position				27,810,438	(590,396)
	Ending Net Position				$ 32,217,330	$ (335,242)

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

Huerfano County School District RE-1
Balance Sheet
Governmental Funds
June 30, 2025

		Debt Service	Capital Projects
	General Fund	Bond Redemption Fund	Building Fund
ASSETS			
Cash and Investments	$ 1,235,132	$ 478,428	$ 3,523,870
Cash with Fiscal Agent	2,068,154	612,136	-
Taxes Receivable	245,376	78,967	-
Interfund Accounts Receivable	-	-	-
Grants Receivable	1,242	-	357,633
Other Accounts receivable	-	-	-
Inventory	-	-	-
Prepaid Expenses	43,590	-	-
TOTAL ASSETS	$ 3,593,494	$ 1,169,531	$ 3,881,503
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE			
Liabilities			
Interfund Accounts Payable	$ -	$ -	$ -
Accounts Payable	100,056	-	1,084,753
Retainage Payable	-	-	1,049,656
Accrued Salaries & Benefits	404,132	-	-
Payroll Taxes & Deductions Payable	(67,230)	-	-
Unearned Revenue Grants	6,025	-	-
Total Liabilities	442,983	-	2,134,409
Deferred Inflows of Financial Resources			
Deferred Inflows	186,174	59,915	-
Fund Balance			
Nonspendable Fund Balance	43,590	-	-
Restricted Fund Balance			
Restricted for Debt Service	-	1,109,616	-
Restricted for Capital Projects	-	-	1,747,094
Restricted for TABOR Emergencies	324,000	-	-
Restricted for Colorado Preschool Program	237,488	-	-
Committed Fund Balance	-	-	-
Unassigned Fund Balance	2,359,259	-	-
Total Fund Balance	2,964,337	1,109,616	1,747,094
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE	$ 3,593,494	$ 1,169,531	$ 3,881,503

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

Nonmajor Funds	Totals 2025
$ 538,105	$ 5,775,535
-	2,680,290
-	324,343
-	-
454,635	813,510
-	-
7,663	7,663
-	43,590
$ 1,000,403	$ 9,644,931
$ -	$ -
73,955	1,258,764
-	1,049,656
27,325	431,457
-	(67,230)
4,873	10,898
106,153	2,683,545
-	246,089
7,663	51,253
-	1,109,616
-	1,747,094
-	324,000
-	237,488
886,587	886,587
-	2,359,259
894,250	6,715,297
$ 1,000,403	$ 9,644,931

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Huerfano County School District RE-1

Reconciliation of Governmental Fund Balances
to Governmental Activities Net Position
June 30, 2025

Fund Balance - Governmental Funds		$ 6,715,297
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds		
Capital assets, not being depreciated	$ 41,034,141	
Capital assets, being depreciated	21,399,490	
Accumulated depreciation	(12,809,583)	49,624,048
Certain long-term pension and OPEB related costs and adjustments are not available to pay or payable currently and are therefore not reported in the funds		
Pension Liability		
Net pension deferred outflows	2,367,268	
Net pension liability	(8,669,088)	
Net pension deferred inflows	(2,057,392)	(8,359,212)
OPEB Liability		
Net OPEB deferred outflows	21,369	
Net OPEB liability	(153,814)	
Net OPEB deferred inflows	(146,837)	(279,282)
Certain assets are not available to pay for current year expenditures and are therefore deferred in the funds		
Deferred property taxes		246,089
Long-term liabilities are not due and payable in the current year and, therefore, are not reported in the funds.		
Bonds payable	(14,676,647)	
Accrued interest payable	(21,342)	
Bond premiums	(985,597)	
Accrued compensated absences	(46,024)	(15,729,610)
Total Net Position - Governmental Activities		$ 32,217,330

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

Huerfano County School District RE-1
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2025
(With Comparative Totals for the Year Ended June 30, 2024)

		Debt Service	Capital Projects
	General Fund	Bond Redemption Fund	Building Fund
REVENUES			
Local Sources	$ 3,804,907	$ 1,046,389	$ 195,473
Intermediate Sources	24,559	-	-
State Sources	2,760,276	-	2,875,956
Federal Sources	38,174	-	-
TOTAL REVENUES	6,627,916	1,046,389	3,071,429
EXPENDITURES			
Current:			
Instruction	3,057,163	-	-
Pupil Support	190,611	-	-
Staff Support	92,227	-	-
General administration	450,033	1,300	-
School administration	570,828	-	-
Business Services	480,057	-	-
Operations and Maintenance	625,577	-	-
Transportation	196,400	-	-
Other Central Support	631,132	-	-
Other Supporting Services	9,290	-	-
Food service	-	-	-
Capital Outlay - Facilities	-	-	7,828,377
Debt Service	-	1,037,332	-
Contingency	(888,626)	-	-
TOTAL EXPENDITURES	5,414,692	1,038,632	7,828,377
CHANGE IN FUND BALANCE	1,213,224	7,757	(4,756,948)
BEGINNING FUND BALANCE	1,751,113	1,101,859	6,504,042
ENDING FUND BALANCE	$ 2,964,337	$ 1,109,616	$ 1,747,094

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

	Total	
	Nonmajor Funds	2025
	$ 102,587	$ 5,149,356
	-	24,559
	3,337	5,639,569
	782,953	821,127
	888,877	11,634,611
	443,811	3,500,974
	75,976	266,587
	70,135	162,362
	-	451,333
	523	571,351
	11,944	492,001
	17,636	643,213
	-	196,400
	4,000	635,132
	-	9,290
	363,085	363,085
	-	7,828,377
	-	1,037,332
	-	(888,626)
	987,110	15,268,811
	(98,233)	(3,634,200)
	992,483	10,349,497
	$ 894,250	$ 6,715,297

Huerfano County School District RE-1

Reconciliation of Governmental Changes in Fund Balance
to Governmental Activities Change in Net Position
For the Year Ended June 30, 2025

Change in Fund Balance - Governmental Funds		$ (3,634,200)
Capital assets used in governmental activities are expensed when purchased in the funds and depreciated at the activity level		
Capitalized Asset Purchases	$ 6,769,580	
Depreciation Expense	(553,506)	6,216,074
The long-tem BEST grant receivable is being amortized based on the depreciation of the underlying building that is the basis of the grant		
Amortization of BEST grant receivable		(23,656)
Certain assets are not available to pay for current year expenditures and are therefore deferred in the funds		
Change in Unearned Revenue		187,089
Pension and OPEB expense at the fund level represent cash contributions to the defined benefit plan. For the activity level presentation, the amount represents the actuarial cost of the benefits for the fiscal year.		
Pension Liability		
Current year change and amortization of deferred outflows - net	624,609	
Change in net pension liability	1,610,102	
Current year change and amortization of deferred inflows - net	(1,373,433)	861,278
OPEB Liability		
Current year change and amortization of deferred outflows - net	(11,850)	
Change in OPEB liability	95,073	
Current year change and amortization of deferred inflows - net	(19,388)	63,835
Repayments of long-term liabilities are expensed in the fund and reduce outstanding liabilities at the activity level. In addition, proceeds from long-term debt issuances are reported as revenues in the funds and increase liabilities at the activity level.		
Principal payments on bonds payable	570,856	
Amortization of bond premiums/deferred charge (gain)	148,096	
Change in accrued interest payable	17,520	
Change in accrued compensated absences	-	736,472
Total Net Position - Governmental Activities		$ 4,406,892

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

NOTE 1: Summary of Significant Accounting Policies

The accounting policies of the Huerfano School District RE-1 (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. The 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 represent the District and component unit for which the District is considered financially accountable.

The discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the District.

Discretely Presented Component Unit - Charter School

The Legislature of the State of Colorado enacted the "Charter School Act - Colorado Revised Statutes (CRS) Section 22-30.5-101" in 1993. This Act permits the District to contract with individuals and organizations for the operation of schools within the District. The statutes define these contracted schools as "Charter Schools." Charter Schools are financed from a portion of the District's school finance act revenues, property taxes and from revenues generated by the charter school, within the limits established by the Charter School Act. Charter Schools generally have separate governing boards; however, the Huerfano School District's Board of Education must approve all Charter School applications and budgets. The Charter School is required to be presented as a component unit by the Colorado Department of Education and is required to have an individual audit. The District considers the Charter School to be a non-major component unit because the school does not have a significant enough relationship to require separate reporting within the basic financial statements. The Charter School is reported as a discretely presented component unit in a separate column titled "Component Unit" in the government-wide financial statements.

The Charter School has issued separate financial statements for the fiscal year ended June 30, 2024. Complete financial statements may be obtained at the school's administrative offices: Gardner Valley School, P.O. Box 181, Gardner, CO 81040.

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 funds:

The *General Fund* is the District's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund. The General Fund includes the Preschool Program Activity.

The *Bond Redemption Fund* is used to account for the accumulation of resources for, and the payment of, long term general obligation debt principal, interest, and related costs.

The *Building Fund* is used to account for the resources accumulated for the funding of the District's school improvements and construction of new school buildings, primarily the proceeds obtained from the issuance of general obligation bonds.

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.

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.

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.

NOTE 1: Summary of Significant Accounting Policies (Continued)

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

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

Receivables – 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. Grant reimbursements not received before year-end for which eligibility has been met and expenditures have been incurred are reported as grants receivable.

Inventory – Food Service Fund inventories 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 Improvements	20 – 50 years
Equipment	5 – 20 years
Vehicles	5 - 10 years

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

Accrued Salaries and Benefits – Salaries and retirement benefits of certain contractually employed personnel are paid over a twelve-month period from August to July 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 Revenue – 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 an acquisition of net pension by the District that is applicable to a future reporting period. Deferred inflows of resources in the governmental fund financial statements include property taxes earned but not available as current financial resources.

NOTE 1: Summary of Significant Accounting Policies (Continued)

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

Long-Term Debt – In the government-wide financial statements, long-term debt 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 – The Board shall provide sick leave for all regular full-time and part-time employees of the District in direct relation to the full time equivalency of the employee (e.g. a full-time employee shall receive 100% of the sick leave provided for full-time employees whereas a "3/4 time" employee shall receive 75% of sick leave benefits provided for full-time employees). Those part-time employees who work the same number of days as full-time employees, but only work as a reduced day, such as a four-hour day; shall receive the same number of days of paid sick leave as the full time employees; however, the pay for such days shall equal the per diem then being received by the part-time employee. Substitute employees such as substitute teachers and temporary staff are not eligible for any sick leave benefits.

Compensated absences are reported as non-current liabilities in the government-wide financial statements. Amounts recognized as expenditures on the fund financial statements are those which have been paid in the current year or are expected to be liquidated with currently available expendable financial resources.

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 Balance / 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

At June 30, 2025, the District had the following cash and investments:

Deposits	$ 1,510,820
Cash Held by Third Party	478,428
Investments	4,263,715
Cash on hand	1,000
Total	**$ 5,775,535**

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 $1,614,713 collateralized with securities held by the financial institution's agent but not in the District's name.

Cash Held by Third Party – At June 30, 2025, the District held $478,428 with UMB, acting as fiscal agent in connection with the District's financed purchase agreement. Deposits are held in an interest bearing bank account as permitted by the agreement. Because these funds are held in trust by the fiscal agent, they are not subject to the Colorado Public Deposit Protection Act. The District considers the custodial credit risk to be minimal because the funds are held in the District's name by the trustee.

NOTE 2: Cash and Investments (Continued)

Investments

The District is required to comply with State statutes which specify investment instruments meeting defined rating, maturity, and concentration risk criteria in which local governments may invest, which include the following. State statutes do not address custodial risk.

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

Local Government Investment Pools – At June 30, 2025, the District had $4,263,715 invested in the Colorado Local Government Liquid Asset Trust (ColoTrust) an investment vehicle established for local government entities in Colorado to pool surplus funds. The Colorado Division of Securities administers and enforces the requirements of creating and operating the Pool. The Pool operates in conformity with the Securities and Exchange Commission's Rule 2a-7. The Pool is reported at the net asset value per share, with each share valued at $1. The Pool is rated AAAm by Standard and Poor's. Investments of the Pools are limited to those allowed by State statutes. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. The custodian's internal records identify the investments owned by the participating governments.

Fair Value Measurements – At June 30, 2025, the District's investments in the local government investment pool reported at the net asset value per share. In addition, the City's money markets were measured utilizing the fair value hierarchy at Level 2 as inputs other than quoted prices.

The fair value measurements are categorized by the fair value hierarchy. Valuation inputs are used to measure the fair value of the asset to determine the appropriate category. The categories range from Level 1, which is the highest priority, to Level 3, which is the lower priority and are based on the following criteria:

Level 1 – Unadjusted quoted prices for identical instruments in active markets.

Level 2 – Quoted prices for similar instruments in the active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs are observable.

Level 3 – Valuations derived from valuation techniques in which significant inputs are observable.

Interest Rate Risk – State statutes generally limit investments to an original maturity of five years from the date of purchase unless the governing board authorizes the investment for a period in excess of five years.

Credit Risk – State statutes limit investments in money market funds to those that maintain a constant share price, with a maximum remaining maturity in accordance with the Securities and Exchange Commission's Rule 2a-7, and either have assets of one billion dollars or the highest rating issued by one or more nationally recognized statistical rating organizations (NRSROs).

NOTE 2: Cash and Investments (Continued)

Investments (Continued)

The City's investments in the Morgan Stanley Institutional Liquidity Funds (MSILF) money market account was rated AAAm by S&P Rating Agency, a nationally recognized statistical rating organization (NSRO) with a total of $478,428.

Concentration of Credit Risk – State statutes do not limit the amount the District may invest in a single issuer of investment securities, except for corporate securities.

NOTE 3: Capital Assets

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

	Restated Balance 07/01/2024	**Additions**	**Deletions**	**Balance 06/30/2025**
Governmental activities				
Capital assets not being depreciated:				
Land	$ 247,347	$ -	$ -	$ 247,347
Construction in progress	34,017,215	6,769,578	-	40,786,793
Total capital asset not being depreciated	34,264,562	6,769,578	-	41,034,140
Capital assets being depreciated:				
Buildings	19,094,712	-	-	19,094,712
Equipment	2,304,779	-	-	2,304,779
Total capital assets being depreciated	21,399,491	-	-	21,399,491
Accumulated Depreciation				
Buildings	(10,486,137)	(457,053)	-	(10,943,190)
Equipment	(1,769,940)	(96,454)	-	(1,866,394)
Total accumulated depreciation	(12,256,077)	(553,507)	-	(12,809,584)
Net Capital Assets	**$ 43,407,976**	**$ (553,507)**	**$ -**	**$ 49,624,047**

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

Instruction	$ 506,829
Supporting services	46,678
Total depreciation	**$ 553,507**

NOTE 4: Long-Term Debt

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

	Balance 7/1/2024	Advances	Payments	Balance 6/30/2025	Due within One Year
2021S G. O. (BEST Matching Money) Bonds	$ 8,612,504	$ -	$ 385,857	$ 8,226,647	$ 395,377
2022 General Obligation Bonds	6,635,000	-	185,000	6,450,000	190,000
2022 General Obligation Bond Premiums	1,133,693	-	148,096	985,597	77,113
Accrued compensated absences	46,024	-	-	46,024	-
Total	**$ 16,427,221**	**$ -**	**$ 718,953**	**$15,708,268**	**$ 662,490**

General Obligation Bonds

The District issues general obligation (G.O.) bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the District.

NOTE 4: Long-Term Debt (Continued)

General obligation bonds outstanding at June 30, 2025, consist of the following:

$9,361,581 Series 2021S State of Colorado Building Excellent Schools Today Program Bonds, due in semi-annual installments with annual payments ranging from $591,125 to $593,683 through December 1, 2041. Interest rate is 2.467%.

$7,035,000 Series 2022 General Obligation Bonds, due in semi-annual installments with annual payments ranging from $443,400 to $448,400 through December 1, 2046. Interest rates range from 3.00% to 4.00%

Bond payments to maturity are as follows:

Year	Principal	Interest	Total
2026	$ 585,377	$ 451,324	$ 1,036,701
2027	600,130	434,700	1,034,830
2028	620,125	416,582	1,036,707
2029	635,366	397,915	1,033,281
2030	655,860	378,692	1,034,552
2031-2035	3,590,995	1,582,007	3,107,245
2036-2040	4,160,007	999,544	1,035,943
2041-2045	2,988,787	385,538	3,374,325
2046-2047	840,000	34,000	874,000
Total	**$ 14,676,647**	**$ 5,080,302**	**$ 19,756,949**

NOTE 5: 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 6: 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://www.copera.org/forms-resources/financial-reports-and-studies. As of June 30, 2025, 39 employees were members of the PERA Plan.

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.

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.

NOTE 6: Defined Benefit Pension Plan (Continued)

General Information (Continued)

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 $744,407, 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 0.05024131188%, which was a decrease of 0.0080481856% from its proportion measured at December 31, 2023.

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	$ (8,669,088)
The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the	(714,453)
Total	**$(9,383,541)**

NOTE 6: Defined Benefit Pension Plan (Continued)

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

For the year ended June 30, 2025, the District recognized pension income of $120,506 and a revenue of ($71,065) 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	Deferred Inflows
Difference between expected and actual experience	$ 490,917	$ -
Changes of assumptions or other inputs	64,993	-
Net difference between projected and actual earnings on pension plan investments	1,429,714	(1,266,152)
Changes in proportion and differences between contributions recognized and proportionate share of contributions - Plan Basis	-	(791,240)
Contributions subsequent to the measurement date	381,644	-
Total	**$ 2,367,268**	**$ (2,057,392)**

District contributions subsequent to the measurement date of $374,516 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:	**Fiscal Year Totals**
2026	$ 106,048
2027	337,540
2028	(398,703)
2029	(116,653)
Total	**$ (71,768)**

NOTE 6: Defined Benefit Pension Plan (Continued)

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

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

Actuarial cost method	Entry Age
Price inflation	2.30%
Real wage growth	0.70%
Wage inflation	3.00%
Salary increase, including wage inflation	3.40%-11.00%
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Post retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07 and DPS benefit structure (automatic) [1]	1.00%
PERA benefit struture hired after 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve (AIR)

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

Mortality assumptions were developed on a benefit-weighted basis and apply generational mortality, as follows. All categories of 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.

NOTE 6: Defined Benefit Pension Plan (Continued)

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

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.

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 20, 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:

NOTE 6: Defined Benefit Pension Plan (Continued)

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

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 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.

NOTE 6: Defined Benefit Pension Plan (Continued)

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

- 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.

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%)
Proportionare share of the net pension asset (liability)	$ (11,753,274)	$ (8,669,088)	$ (6,085,651)

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://www.copera.org/forms-resources/financial-reports-and-studies.

NOTE 7: 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://www.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.

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.

NOTE 7: Postemployment Healthcare Benefits (Continued)

General Information (Continued)

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 $39,600, 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 $153,814, 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 0.0321674578%, which was a decrease of 0.0027039879% from its proportion measured at December 31, 2023.

For the year ended June 30, 2025, the District recognized OPEB income of $35,011. 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	**Deferred Inflows**
Difference between expected and actual experience	$ -	$ (33,928)
Changes of assumptions or other inputs	1,764	(49,167)
Net difference between projected and actual earnings on pension plan investments	521	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions - Plan Basis	-	(63,742)
Contributions subsequent to the measurement date	19,084	-
Total	**$ 21,369**	**$ (146,837)**

NOTE 7: 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 $19,084 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:	Fiscal Year Totals
2026	$ (37,214)
2027	(23,883)
2028	(39,037)
2029	(25,841)
2030	(15,716)
2031	(2,859)
Total	**$ (144,550)**

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 increase, including wage inflation	3.40%-11.00%
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Health care cost trend rates	
Service-based premium subsidy	0.00%
PERACare Medicare Plans	16% in 2024, then 6.75% in 2025, gradually decreasing to 4.50% in 2034
MAPD PPO #2	105% in 2024, then 8.55% in 2025, gradually decreasing to 4.50% in 2034
Medicare Part A premiums	3.50% in 2024, gradually increasing to 4.50% in 2034

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.

NOTE 7: Postemployment Healthcare Benefits (Continued)

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

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.

Age-Related Morbidity Assumptions		
Participant Age	Annual Increase (Male)	Annual Increase (Female)
65-68	2.20%	2.30%
69	2.80%	2.20%
70	2.70%	1.60%
71	3.10%	0.50%
72	2.30%	0.70%
73	1.20%	0.80%
74	0.90%	1.50%
75-85	0.90%	1.30%
86 and Older	0.00%	0.00%

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:

NOTE 7: Postemployment Healthcare Benefits (Continued)

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

	MAPD PPO #1 with Medicare Part A Retiree/Spouse		MAPD PPO #1 without Medicare Part A Retiree/Spouse	
Sample Age	Male	Female	Male	Female
65	$ 1,710	$ 1,420	$ 6,539	$ 5,429
70	$ 1,921	$ 1,589	$ 7,341	$ 6,073
75	$ 2,122	$ 1,670	$ 8,110	$ 6,385

	MAPD PPO #2 with Medicare Part A Retiree/Spouse		MAPD PPO #2 without Medicare Part A Retiree/Spouse	
Sample Age	Male	Female	Male	Female
65	$ 585	$ 486	$ 4,241	$ 3,523
70	$ 657	$ 544	$ 4,764	$ 3,941
75	$ 726	$ 571	$ 5,262	$ 4,143

	MAPD HMO (Kaiser) with Medicare Part A Retiree/Spouse		MAPD HMO (Kaiser) without Medicare Part A Retiree/Spouse	
Sample Age	Male	Female	Male	Female
65	$ 1,897	$ 1,575	$ 7,063	$ 5,866
70	$ 2,130	$ 1,763	$ 7,933	$ 6,563
75	$ 2,353	$ 1,853	$ 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.

NOTE 7: Postemployment Healthcare Benefits (Continued)

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

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 reflect the estimated impact of the Inflation Reduction Act for that plan option.

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

Year	PERACare Medicare Plans[1]	MAPD PPO #2[1]	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%

[1] 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. Mortality assumptions used were as follows:

- 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.

NOTE 7: Postemployment Healthcare Benefits (Continued)

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

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.

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	Without Medicare Part A
MAPD PPO #1	$ 1,824	$ 6,972
MAPD PPO #2	624	4,524
MAPD HMO (Kaiser)	2,040	7,596

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.

NOTE 7: Postemployment Healthcare Benefits (Continued)

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

- 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 rate 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.

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%.

NOTE 7: Postemployment Healthcare Benefits (Continued)

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

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.
- 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. The employer disaffiliation payment and receivable 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:

NOTE 7: Postemployment Healthcare Benefits (Continued)

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

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Initial PERACare Medicare trend rate[1]	5.75%	6.75%	7.75%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
InitialMAPD PPO #2 trend rate[1]	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[1]	3.50%	4.50%	5.50%
Proportionare share of the net OPEB asset (liability)	$ (149,670)	$ (153,814)	$ (158,504)

[1] 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%)**
Proportionare share of the net OPEB asset (liability)	$ (188,502)	$ (153,814)	$ (123,909)

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://www.copera.org/forms-resources/financial-reports-and-studies.

NOTE 8: 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.

NOTE 8: Commitments and Contingencies (Continued)

Tabor Amendment (Continued)

In November 1996, voters within the District approved the following ballot language –

SHALL HUERFANO SCHOOL DISTRICT RE- 1 BE AUTHORIZED TO COLLECT, RETAIN AND EXPEND ALL REVENUES AND OTHER FUNDS COLLECTED DURING FISCAL YEAR 1995 AND EACH SUBSEQUENT FISCAL YEAR FROM ANY SOURCE, NOTWITHSTANDING THE LIMITATIONS OF ARTICLE X, SECTION 20 OF THE COLORADO CONSTITUTION, EFFECTIVE JULY 1, 1994, PROVIDED, HOWEVER, 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 HUERFANO SCHOOL DISTRICT RE-i?

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 $324,000.

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 9: Joint Venture

The District, in conjunction with other surrounding districts, participates in the South Central 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 $83,183 to the BOCES. Separate financial statements for the BOCES are available online at https://www.sc-boces.org/.

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REQUIRED SUPPLEMENTARY INFORMATION

Huerfano County School District RE-1

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION ASSET (LIABILITY)
PERA Pension Plan
Last 10 Fiscal Years

Fiscal Year	District's proportion of the net pension asset (liability)	District's proportionate share of the net pension asset (liability)	Non-employer contributing entity's total proportionate share of the net pension asset (liability)	Total proportionate share associated with District	District's covered payroll	District's proportionate share of the net pension asset (liability) as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liabilty
June 30, 2016	0.064756%	$ (9,903,932)	$ -	$ (9,903,932)	$ 2,893,347	342.30%	59.16%
June 30, 2017	0.063176%	$ (18,809,938)	$ -	$ (18,809,938)	$ 2,967,030	633.97%	43.13%
June 30, 2018	0.068663%	$ (22,203,031)	$ -	$ (22,203,031)	$ 3,448,542	701.00%	43.96%
June 30, 2019	0.063965%	$ (11,326,334)	$ (1,548,719)	$ (12,875,053)	$ 3,563,338	317.86%	57.01%
June 30, 2020	0.062916%	$ (9,399,545)	$ (1,192,213)	$ (10,591,758)	$ 3,837,270	244.95%	64.52%
June 30, 2021	0.067953%	$ (10,273,117)	$ -	$ (10,273,117)	$ 3,597,012	285.60%	66.99%
June 30, 2022	0.069836%	$ (8,127,068)	$ (931,660)	$ (9,058,728)	$ 4,364,527	186.21%	74.86%
June 30, 2023	0.052240%	$ (9,512,614)	$ (2,771,801)	$ (12,284,415)	$ 4,029,707	236.06%	61.79%
June 30, 2024	0.058289%	$ (10,307,578)	$ (225,392)	$ (10,532,970)	$ 3,853,464	267.49%	64.74%
June 30, 2025	0.050241%	$ (8,669,088)	$ (714,453)	$ (9,383,541)	$ 3,882,380	223.29%	67.17%

Note: All amounts are as of plan calculation dates which are for the calendar year prior to the date shown.

See the accompanying Independent Auditors' Report.

Huerfano County School District RE-1

SCHEDULE OF DISTRICT'S CONTRIBUTIONS
PERA Pension Plan
Last 10 Fiscal Years

Fiscal Year	Contractually required contributions	Actual contributions	Contribution deficiency (excess)	District's covered payroll	Contributions as a percentage of covered payroll
June 30, 2016	$ 501,418	$ (501,418)	$ -	$ 2,893,347	17.33%
June 30, 2017	$ 537,922	$ (537,922)	$ -	$ 2,967,030	18.13%
June 30, 2018	$ 642,463	$ (642,463)	$ -	$ 3,448,542	18.63%
June 30, 2019	$ 681,666	$ (681,666)	$ -	$ 3,563,338	19.13%
June 30, 2020	$ 743,663	$ (743,663)	$ -	$ 3,837,270	19.38%
June 30, 2021	$ 715,086	$ (715,086)	$ -	$ 3,597,012	19.88%
June 30, 2022	$ 867,668	$ (867,668)	$ -	$ 4,364,527	19.88%
June 30, 2023	$ 811,180	$ (811,180)	$ -	$ 4,029,707	20.13%
June 30, 2024	$ 785,336	$ (785,336)	$ -	$ 3,853,464	20.38%
June 30, 2025	$ 791,229	$ (791,229)	$ -	$ 3,882,380	20.38%

Note: All amounts are as of plan calculation dates which are for the calendar year prior to the date shown.

See the accompanying Independent Auditors' Report.

Huerfano County School District RE-1

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB ASSET (LIABILITY)
PERA Health Care Trust Fund
Last 10 Fiscal Years[(1)]

Fiscal Year Ended	District's proportion of the net OPEB asset (liability)	District's proportionate share of the net OPEB asset (liability)	District's covered payroll	District's proportionate share of the net OPEB asset (liability) as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
June 30, 2017	0.035910%	$ (465,585)	$ 2,967,030	15.69%	16.70%
June 30, 2018	0.039014%	$ (507,023)	$ 3,448,542	14.70%	17.53%
June 30, 2019	0.041578%	$ (565,681)	$ 3,563,338	15.88%	17.03%
June 30, 2020	0.041119%	$ (462,180)	$ 3,837,270	12.04%	24.49%
June 30, 2021	0.039351%	$ (373,919)	$ 3,597,012	10.40%	32.78%
June 30, 2022	0.045598%	$ (393,190)	$ 4,364,527	9.01%	39.40%
June 30, 2023	0.039738%	$ (324,455)	$ 4,029,707	8.05%	38.57%
June 30, 2024	0.034871%	$ (248,887)	$ 3,853,464	6.46%	46.16%
June 30, 2025	0.032167%	$ (153,814)	$ 3,882,380	3.96%	59.83%

Note: All amounts are as of plan calculation dates which are for the calendar year prior to the date shown.

(1) - Additional years will be added to this schedule as they become available.

See the accompanying Independent Auditors' Report.

Huerfano County School District RE-1

SCHEDULE OF DISTRICT'S CONTRIBUTIONS - OPEB
PERA Health Care Trust Fund
Last 10 Fiscal Years[(1)]

Fiscal Year	Contractually required contributions	Actual contributions	Contribution deficiency (excess)	District's covered payroll	Contributions as a percentage of covered payroll
June 30, 2017	$ 30,264	$ (30,264)	$ -	$ 2,967,030	1.02%
June 30, 2018	$ 35,175	$ (35,175)	$ -	$ 3,448,542	1.02%
June 30, 2019	$ 36,346	$ (36,346)	$ -	$ 3,563,338	1.02%
June 30, 2020	$ 39,140	$ (39,140)	$ -	$ 3,837,270	1.02%
June 30, 2021	$ 36,690	$ (36,690)	$ -	$ 3,597,012	1.02%
June 30, 2022	$ 44,518	$ (44,518)	$ -	$ 4,364,527	1.02%
June 30, 2023	$ 41,103	$ (41,103)	$ -	$ 4,029,707	1.02%
June 30, 2024	$ 39,305	$ (39,305)	$ -	$ 3,853,464	1.02%
June 30, 2025	$ 39,600	$ (39,600)	$ -	$ 3,882,380	1.02%

Note: All amounts are as of plan calculation dates which are for the calendar year prior to the date shown.

[(1)] - Additional years will be added to this schedule as they become available.

See the accompanying Independent Auditors' Report.

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 School 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.

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://www.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://www.copera.org/forms-resources/financial-reports-and-studies.

Huerfano County School District RE-1
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund
For the Year Ended June 30, 2025

	2025			
	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Local Sources				
Property Taxes	$ 3,830,511	$ 3,245,116	$ 3,069,751	$ (175,365)
Specific Ownership Taxes	187,764	318,902	453,062	134,160
Delinquent Taxes	-	20,000	31,361	11,361
Investment Earnings	45,000	80,000	144,516	64,516
Rent Revenue	-	-	12,909	12,909
Donations	34,825	34,825	28,596	(6,229)
Insurance Proceeds	-	-	1,182	1,182
Other Local	646,655	48,316	63,530	15,214
Total Local Sources	4,744,755	3,747,159	3,804,907	57,748
Intermediate Sources				
Mineral Leases	1,594	1,594	1,371	(223)
Impact Fee Revenue	-	-	451	451
Payment in Lieu of Taxes	(1,344)	-	22,737	22,737
Total Intermediate Sources	250	1,594	24,559	22,965
State Sources				
State Share (Equalization)	1,878,969	2,865,475	2,865,475	-
Charter Allocations	(988,652)	(1,028,528)	(1,038,559)	(10,031)
State Transportation	56,000	62,736	67,276	4,540
State Grants from CDE				
Capital Construction- Charter Schools	13,934	5,568	16,199	10,631
State Gifted and Talented	-	5,000	-	(5,000)
Small Attendance Center Aid	167,058	167,058	162,797	(4,261)
School Counselor	-	-	52,412	52,412
READ Act	-	25,233	-	(25,233)
State Grants to Libraries	-	4,500	-	(4,500)
School Turnaround Leaders Development Program	-	-	20,000	20,000
Small Rural Schools Additional Funding	198,065	-	-	-
Additional As- Risk Funding	-	4,000	4,471	471
Grant Writing - Computer Science	-	-	15,254	15,254
Grant Writing - Ninth Grade Success	-	-	100,000	100,000
READ Act	-	-	31,044	31,044
CCSG - Connecting Colorado Students Grant	-	-	62,567	62,567
MHPA Grant	-	-	4,200	4,200
Other CDE State Grants	58,700	58,700	-	(58,700)
State Grants from Other Agencies				
Department of Early Childhood Funding: 3 Year Old Univers	-	-	12,582	12,582
CDEC Universal Preschool Funding (UPK)	172,707	172,707	197,942	25,235
State PERA Contribution	97,095	-	71,065	71,065
SAFER/ School Safety Grant	-	-	79,733	79,733
State Grants Provided through BOCES	(146,424)	-	35,818	35,818
Total State Sources	1,507,452	2,342,449	2,760,276	417,827
Federal Sources				
Federal Grants from Other State Agencies				
National Forest Land Payments: Secure Rural Schools	-	-	13,001	13,001
Federal Provided through BOCES	-	-	25,173	25,173
Total Federal Sources	-	-	38,174	38,174
TOTAL REVENUES	6,252,457	6,091,202	6,627,916	536,714

(Continued)

Huerfano County School District RE-1
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund
For the Year Ended June 30, 2025

	2025			
	Original Budget	**Final Budget**	**Actual**	**Variance with Final Budget**
(Continued)				
EXPENDITURES				
Instruction				
Salaries	2,420,502	1,585,731	1,974,713	(388,982)
Benefits	1,042,649	754,295	756,304	(2,009)
PS-Professional	344,009	346,509	34,000	312,509
PS-Other	99,680	103,000	263,905	(160,905)
Supplies	111,576	110,076	27,846	82,230
Other Expenses	1,500	-	396	(396)
Total Instruction	4,019,916	2,899,611	3,057,164	(157,553)
Supporting Services				
Pupil Support				
Salaries	-	-	134,183	(134,183)
Benefits	-	-	56,327	(56,327)
Supplies	-	-	101	(101)
Total Pupil Support	-	-	190,611	(190,611)
Staff Support				
Salaries	204,476	262,785	63,484	199,301
Benefits	90,021	11,776	24,141	(12,365)
PS- Professional	3,750	3,750	-	3,750
Supplies	1,900	1,900	4,602	(2,702)
Total Staff Support	300,147	280,211	92,227	187,984
General Administration				
Salaries	178,206	184,206	168,095	16,111
Benefits	87,968	86,140	152,390	(66,250)
PS- Professional	74,800	70,800	118,344	(47,544)
PS-Other	1,500	1,500	-	1,500
Supplies	5,400	400	1,658	(1,258)
Other Expenses	13,200	9,105	9,545	(440)
Total General Administration	361,074	352,151	450,032	(97,881)
School Administration				
Salaries	408,926	384,715	369,816	14,899
Benefits	189,004	181,481	157,892	23,589
PS- Professional	13,555	8,800	10,666	(1,866)
PS-Other	3,400	1,850	20,987	(19,137)
Supplies	16,500	11,429	11,202	227
Other Expenses	1,200	-	265	(265)
Total School Administration	632,585	588,275	570,828	17,447

See the accompanying Independent Auditors' Report

(Continued)

Huerfano County School District RE-1
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund
For the Year Ended June 30, 2025

	2025			
	Original Budget	**Final Budget**	**Actual**	**Variance with Final Budget**
(Continued)				
EXPENDITURES (Continued)				
Supporting Services (Continued)				
Business Services				
Salaries	90,889	41,750	101,429	(59,679)
Benefits	44,151	15,644	40,189	(24,545)
PS- Professional	25,000	107,200	318,607	(211,407)
PS-Other	4,750	4,700	17,842	(13,142)
Supplies	3,000	3,000	1,304	1,696
Other Expenses	-	-	686	(686)
Total Business Services	167,790	172,294	480,057	(307,763)
Operations and Maintenance				
Salaries	253,621	267,984	251,193	16,791
Benefits	109,031	110,263	110,440	(177)
PS- Property	54,785	67,600	110,699	(43,099)
Supplies	253,500	254,000	153,245	100,755
Total Operations and Maintenance	670,937	699,847	625,577	74,270
Transportation				
Salaries	139,745	137,373	102,139	35,234
Benefits	60,666	52,288	34,437	17,851
PS- Professional	7,500	-	1,715	(1,715)
PS- Property	2,000	12,550	12,350	200
PS-Other	3,350	3,350	1,697	1,653
Supplies	58,750	51,750	43,961	7,789
Other Expenses	600	-	101	(101)
Total Transportation	272,611	257,311	196,400	60,911
Other Central Support				
Salaries	101,408	67,260	90,223	(22,963)
Benefits	38,091	36,127	31,932	4,195
PS- Professional	259,235	259,235	351	258,884
PS-Other	-	-	479,510	(479,510)
Supplies	47,575	47,575	29,116	18,459
Total Other Central Support	446,309	410,197	631,132	(220,935)
Other Supporting Services				
Salaries	-	-	1,400	(1,400)
Benefits	-	-	325	(325)
PS- Property	-	-	2,942	(2,942)
PS-Other	-	-	1,735	(1,735)
Supplies	-	-	2,888	(2,888)
Total Other Supporting Services	-	-	9,290	(9,290)
Total Supporting Services	2,851,453	2,760,286	3,246,154	(485,868)
Contingency	3,253,091	4,915,106	(888,626)	5,803,732
TOTAL EXPENDITURES	10,124,460	10,575,003	5,414,692	5,160,311
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	(3,872,003)	(4,483,801)	1,213,224	5,697,025
OTHER FINANCING SOURCES (USES)				
Transfers	(280,600)	(164,250)	-	164,250
CHANGE IN FUND BALANCE	(4,152,603)	(4,648,051)	1,213,224	5,861,275
BEGINNING FUND BALANCE	4,152,603	4,648,051	1,751,113	(2,896,938)
ENDING FUND BALANCE	$ -	$ -	$ 2,964,337	$ 2,964,337

See accompanying Independent Auditors' Report.

COMBINING AND INDIVIDUAL NONMAJOR FUND STATEMENTS AND BUDGETARY COMPARISON SCHEDULES

Huerfano County School District RE-1
Balance Sheet
Nonmajor Governmental Funds
June 30, 2025

	Special Revenue			Capital Projects
	Food Service Fund	**Designated Grants Fund**	**Pupil Activity Fund**	**Capital Reserve Project Fund**
ASSETS				
Cash and Investments	$ 92,710	$ (309,753)	$ (3,698)	$ 758,846
Interfund Accounts Receivable	-	-	-	-
Grants Receivable	25,897	428,738	-	-
Inventory	7,663	-	-	-
TOTAL ASSETS	$ 126,270	$ 118,985	$ (3,698)	$ 758,846
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE				
Liabilities				
Interfund Accounts Payable	$ -	$ -	$ -	$ -
Accounts Payable	10,698	63,128	130	-
Accrued Salaries & Benefits	-	27,325	-	-
Unearned Revenue Grants	-	4,873	-	-
Total Liabilities	10,698	95,326	130	-
Deferred Inflows of Financial Resources				
Fund Balance				
Nonspendable Fund Balance	7,663	-	-	-
Committed Fund Balance	107,909	23,659	-	758,846
Unassigned Fund Balance	-	-	(3,828)	-
Total Fund Balance	115,572	23,659	(3,828)	758,846
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE	$ 126,270	$ 118,985	$ (3,698)	$ 758,846

See accompanying Independent Auditors' Report.

Totals	
2025	2024
$ 538,105	$ 620,326
-	364,123
454,635	199,151
7,663	8,254
$ 1,000,403	$ 1,191,854
$ -	$ 75,702
73,956	47,461
27,325	65,979
4,873	10,229
106,154	199,371
7,663	8,254
890,414	890,008
(3,828)	-
894,249	992,483
$ 1,000,403	$ 1,191,854

Huerfano County School District RE-1
Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended June 30, 2025
(With Comparative Totals for the Year Ended June 30, 2024)

	Special Revenue			Capital Projects
	Food Service Fund	Designated Grants Fund	Pupil Activity Fund	Capital Reserve Project Fund
REVENUES				
Local Sources	$ 10,267	$ 2,501	$ 78,768	$ 11,051
State Sources	2,350	987	-	-
Federal Sources	325,461	457,492	-	-
TOTAL REVENUES	338,078	460,980	78,768	11,051
EXPENDITURES				
Current:				
Instruction	-	274,743	169,068	-
Pupil Support	-	75,976	-	-
Staff Support	-	70,135	-	-
School administration	-	523	-	-
Business Services	-	11,944	-	-
Operations and Maintenance	-	-	-	17,636
Other Central Support	-	4,000	-	-
Food service	363,085	-	-	-
TOTAL EXPENDITURES	363,085	437,321	169,068	17,636
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	(25,007)	23,659	(90,300)	(6,585)
OTHER FINANCING SOURCES (USES)				
Transfers	-	-	-	-
CHANGE IN FUND BALANCE	(25,007)	23,659	(90,300)	(6,585)
BEGINNING FUND BALANCE	140,580	-	86,472	765,431
ENDING FUND BALANCE	$ 115,573	$ 23,659	$ (3,828)	$ 758,846

See accompanying Independent Auditors' Report.

Totals	
2025	2024
$ 102,587	$ 145,183
3,337	2,287
782,953	1,222,769
888,877	1,370,239
443,811	644,467
75,976	68,913
70,135	107,214
523	-
11,944	-
17,636	5,309
4,000	271,923
363,085	400,865
987,110	1,498,691
(98,233)	(128,452)
-	241,250
(98,233)	112,798
992,483	879,685
$ 894,250	$ 992,483

Huerfano County School District RE-1
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Food Service Fund
For the Year Ended June 30, 2025

	2025			
	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Local Sources				
Food Service Revenue	$ 8,000	$ 8,000	$ 9,614	$ 1,614
Other Local	-	-	652	652
Total Local Sources	8,000	8,000	10,266	2,266
State Sources				
State Matching Child Nutrition	2,337	2,337	1,725	(612)
Summer EBT - State - Distributions	-	-	625	625
Total State Sources	2,337	2,337	2,350	13
Federal Sources				
Federal Grants from CDE				
School Breakfast Program	-	-	68,313	68,313
National School Lunch Program	280,128	280,128	235,411	(44,717)
Supply Chain Assistance	-	-	1,621	1,621
Federal Grants from Other State Agencies				
National School Lunch Program- Commodities	-	-	20,116	20,116
Total Federal Sources	280,128	280,128	325,461	45,333
TOTAL REVENUES	290,465	290,465	338,077	47,612
EXPENDITURES				
Supporting Services				
Food Service				
Salaries	171,875	120,185	136,460	(16,275)
Benefits	66,617	53,481	54,648	(1,167)
PS- Property	500	500	-	500
PS-Other	1,000	-	-	-
Supplies	172,500	185,000	19,060	165,940
Food	-	-	133,247	(133,247)
Commodities	-	-	19,670	(19,670)
Total Food Service	417,492	359,166	363,085	(3,919)
Contingency	10,000	56,593	-	56,593
TOTAL EXPENDITURES	427,492	415,759	363,085	52,674
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	(137,027)	(125,294)	(25,008)	100,286
OTHER FINANCING SOURCES (USES)				
Transfers	60,000	-	-	-
CHANGE IN FUND BALANCE	(77,027)	(125,294)	(25,008)	100,286
BEGINNING FUND BALANCE	67,027	125,294	140,580	15,286
ENDING FUND BALANCE	$ (10,000)	$ -	$ 115,572	$ 115,572

See accompanying Independent Auditors' Report.

Huerfano County School District RE-1
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Designated Grants Fund
For the Year Ended June 30, 2025

	2025			
	Original Budget	**Final Budget**	**Actual**	**Variance with Final Budget**
REVENUES				
Local Sources				
Donations	$ -	$ -	$ 2,501	$ 2,501
State Sources				
State Grants from CDE				
School Turnaround Leaders Development Program	-	-	987	987
Federal Sources				
Federal Grants from CDE				
NCLB Title I, Part A- Improving Basic Programs Operated by Schools	557,381	494,362	326,591	(167,771)
NCLB Title II, Part A- Teacher & Principal Training	-	-	39,682	39,682
ESSER III 90% - LEA Allocation	-	-	72,185	72,185
ESSA, Title IV-A: Student Support and Academic Enrichment Grants	-	-	17,485	17,485
Race to the Top- Early Childhood Readiness Assessment	-	-	101	101
Every Student Succeeds Act (ESSA), Title V-B, Rural and Low Income Schools	-	-	1,303	1,303
COVID 19 Testing	-	-	145	145
Total Federal Sources	557,381	494,362	457,492	(36,870)
TOTAL REVENUES	557,381	494,362	460,980	(33,382)

(Continued)

Huerfano County School District RE-1
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Designated Grants Fund
For the Year Ended June 30, 2025

	2025			
	Original Budget	Final Budget	Actual	Variance with Final Budget
(Continued)				
EXPENDITURES				
Instruction				
Salaries	314,086	251,067	137,275	113,792
Benefits	128,371	128,371	63,584	64,787
PS-Professional	98,200	98,200	10,360	87,840
PS-Other	-	-	63,128	(63,128)
Supplies	9,011	9,011	395	8,616
Total Instruction	549,668	486,649	274,742	211,907
Supporting Services				
Pupil Support				
Salaries	-	-	50,531	(50,531)
Benefits	-	-	25,446	(25,446)
Total Pupil Support	-	-	75,977	(75,977)
Staff Support				
Salaries	-	-	29,247	(29,247)
Benefits	-	-	8,002	(8,002)
PS- Professional	-	-	31,324	(31,324)
Supplies	-	-	1,562	(1,562)
Total Staff Support	-	-	70,135	(70,135)
School Administration				
PS-Other	-	-	523	(523)
Business Services				
Other Expenses	-	-	11,944	(11,944)
Other Central Support				
PS-Other	7,713	7,713	4,000	3,713
TOTAL EXPENDITURES	557,381	494,362	437,321	57,041
CHANGE IN FUND BALANCE	-	-	23,659	23,659
BEGINNING FUND BALANCE	-	-	-	-
ENDING FUND BALANCE	$ -	$ -	$ 23,659	$ 23,659

See accompanying Independent Auditors' Report.

Huerfano County School District RE-1
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Pupil Activity Fund
For the Year Ended June 30, 2025

	2025			
	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Local Sources				
Pupil Activity Revenues	$ 82,993	$ 90,000	$ 78,768	$ (11,232)
EXPENDITURES				
Instruction				
Salaries	-	-	65,634	(65,634)
Benefits	-	-	15,085	(15,085)
PS-Professional	-	-	-	-
PS-Other	-	-	30,178	(30,178)
Supplies	-	-	51,102	(51,102)
Property	-	-	-	-
Other Expenses	238,475	238,475	7,069	231,406
Total Instruction	238,475	238,475	169,068	69,407
Contingency	75,018	110,859	-	110,859
TOTAL EXPENDITURES	313,493	349,334	169,068	180,266
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	(230,500)	(259,334)	(90,300)	169,034
OTHER FINANCING SOURCES (USES)				
Transfers	89,250	89,250	-	(89,250)
CHANGE IN FUND BALANCE	(141,250)	(170,084)	(90,300)	79,784
BEGINNING FUND BALANCE	141,250	170,084	86,472	(83,612)
ENDING FUND BALANCE	$ -	$ -	$ (3,828)	$ (3,828)

See accompanying Independent Auditors' Report.

Huerfano County School District RE-1
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Bond Redemption Fund
For the Year Ended June 30, 2025

	2025			
	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Local Sources				
Property Taxes	$ 1,044,978	$ 1,044,326	$ 1,006,599	$ (37,727)
Delinquent Taxes	-	-	7,461	7,461
Investment Earnings	11,000	11,000	32,329	21,329
TOTAL REVENUES	1,055,978	1,055,326	1,046,389	(8,937)
EXPENDITURES				
Supporting Services				
General Administration				
PS- Professional	1,200	1,200	1,300	(100)
Debt Service				
Interest	481,465	481,465	466,475	14,990
Principal	556,567	556,567	570,857	(14,290)
Total Debt Service	1,038,032	1,038,032	1,037,332	700
Contingency	1,160,133	1,159,481	-	1,159,481
TOTAL EXPENDITURES	2,199,365	2,198,713	1,038,632	1,160,081
CHANGE IN FUND BALANCE	(1,143,387)	(1,143,387)	7,757	1,151,144
BEGINNING FUND BALANCE	1,143,387	1,143,387	1,101,859	(41,528)
ENDING FUND BALANCE	$ -	$ -	$ 1,109,616	$ 1,109,616

See accompanying Independent Auditors' Report.

Huerfano County School District RE-1
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Building Fund
For the Year Ended June 30, 2025

	2025			
	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Local Sources				
Investment Earnings	$ 144,000	$ 300,000	$ 195,473	$ (104,527)
State Sources				
Best Capital Construction Program	11,682,225	11,682,225	2,875,956	(8,806,269)
TOTAL REVENUES	11,826,225	11,982,225	3,071,429	(8,910,796)
EXPENDITURES				
Facilities/Capital Outlay				
PS- Property	23,576,225	24,445,329	-	24,445,329
Buildings	-	-	7,828,377	(7,828,377)
TOTAL EXPENDITURES	23,576,225	24,445,329	7,828,377	16,616,952
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	(11,750,000)	(12,463,104)	(4,756,948)	7,706,156
OTHER FINANCING SOURCES (USES)				
Debt Proceeds	9,250,000	-	-	-
CHANGE IN FUND BALANCE	(2,500,000)	(12,463,104)	(4,756,948)	7,706,156
BEGINNING FUND BALANCE	2,500,000	12,463,104	6,504,042	(5,959,062)
ENDING FUND BALANCE	$ -	$ -	$ 1,747,094	$ 1,747,094

See accompanying Independent Auditors' Report.

Huerfano County School District RE-1
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Capital Reserve Project Fund
For the Year Ended June 30, 2025

	2025			
	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Local Sources				
Investment Earnings	$ 8,000	$ 25,000	$ 10,725	$ (14,275)
Other Local	-	-	326	326
Total Local Sources	8,000	25,000	11,051	(13,949)
EXPENDITURES				
Supporting Services				
Operations and Maintenance				
PS- Property	-	-	17,636	(17,636)
Facilities/Capital Outlay				
PS- Other	50	-	-	-
Supplies	10,000	10,000	-	10,000
Land and Improvements	108,245	158,245	-	158,245
Total Facilities/Capital Outlay	118,295	168,245	-	168,245
Contingency	644,705	694,316	-	694,316
TOTAL EXPENDITURES	763,000	862,561	17,636	844,925
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	(755,000)	(837,561)	(6,585)	830,976
OTHER FINANCING SOURCES (USES)				
Transfers	75,000	75,000	-	(75,000)
CHANGE IN FUND BALANCE	(680,000)	(762,561)	(6,585)	755,976
BEGINNING FUND BALANCE	680,000	762,561	765,431	2,870
ENDING FUND BALANCE	$ -	$ -	$ 758,846	$ 758,846

See accompanying Independent Auditors' Report.