

BURLINGTON SCHOOL DISTRICT RE-6J
KIT CARSON COUNTY, COLORADO

FINANCIAL STATEMENTS

JUNE 30, 2025

BURLINGTON SCHOOL DISTRICT RE-6J
KIT CARSON COUNTY, COLORADO

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INDEPENDENT AUDITORS' REPORT

Board of Education
Burlington School District RE-6J
Burlington, Colorado

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the Burlington School District RE-6J, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Burlington School District RE-6J's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Burlington School District RE-6J, as of June 30, 2025, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Burlington School District RE-6J and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Burlington School District RE-6J's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Burlington School District RE-6J'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 Burlington School District RE-6J's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Burlington School District RE-6J's basic financial statements. The individual major fund comparative financial statements, budget schedule, the Colorado Department of Education Auditors' Electronic Financial Data Integrity Check Figures, and the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the individual major comparative fund financial statements, Colorado Department of Education Auditors' Electronic Financial Data Integrity Check Figures, and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2025, on our consideration of the Burlington School District RE-6J's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Burlington School District RE-6J's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Burlington School District RE-6J's internal control over financial reporting and compliance.



Hancock Froese & Company LLC

Rocky Ford, Colorado
December 17, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

**BURLINGTON SCHOOL DISTRICT RE-6J
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2025**

As management of the Burlington School District RE-6J (the "District"), we offer readers of the District's Annual Financial Report this narrative and analysis of the financial activities of the District for the fiscal year ended June 30, 2025. We encourage readers to consider the information presented here in conjunction with additional information provided in the Independent Auditors' report.

FINANCIAL HIGHLIGHTS

- The District's total net position increased by \$2,233,456 in fiscal year 2025. This increase was due to the increase in revenues from local sources and state sources.
- Deferred outflows and inflows of resources changed from the prior year due to the District's share of the PERA liabilities related to the School Division Trust Fund and Health Care Trust Fund. The recognition of the difference between the expected and actual experience, contributions after the plan measurement date, changes in assumptions, changes in proportionate share, and change in the investment earnings decreased \$395,839 and increased \$438,350 for deferred outflows and inflows of resources, respectively.
- The assets of the District exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$13,774,317 due to the increase in property taxes, state equalization, state grants, and other local sources received in 2025 compared to 2024.
- General revenues, primarily property taxes and state equalization payments, account for approximately \$9.8 million, 70 percent, of all revenues. Program specific revenues for services, grants and contributions accounted for approximately \$3.3 million or 23 percent of the \$14.1 million in total revenues.
- The general fund ending fund balance is \$10,080,950 which is an increase of \$1,703,417 from last year.

OVERVIEW OF FINANCIAL STATEMENTS

The management's discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The Burlington School District's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, 3) notes to basic financial statements.

Government-Wide Financial Statements

The financial statements provided are designed to supply the reader an overview of the District's financial activities similar to those statements used in the private sector. The government-wide statements relate to those activities directly related to the education of the students.

The statement of net position presents information on all of the District's assets and liabilities. The difference between the two is reported as net position. Changes in net position from year to year may be used as an indicator of the overall financial position of the District.

The statement of activities presents the current fiscal year revenues and expenses to show how the net position of the district changed during the year. In the statement of activities, changes in net position are recorded when the event occurs. This could mean that information may be reported for revenues and expenses that will result in cash flow differences in future fiscal years.

Governmental activities consolidate all of the following Burlington School District funds: general fund, food services fund, pupil activities fund, and capital projects capital reserve fund.

Fund Financial Statements

Fund financial statements are designed to display compliance with finance-related legal requirements. A fund is a grouping of related accounts designed to keep control over resources segregated for specific activities or objectives. All the funds of the District can be divided into one category only: governmental funds.

Governmental Funds

Governmental funds account for the same functions reported as governmental activities in the government-wide financial statements. However, governmental fund financial statements emphasize short-term financial resources and fund balances (spendable resources available at the end of the fiscal year). Such information is used to evaluate the District's short-term financing requirements. Comparison of the governmental funds with the government-wide funds may allow the reader to better understand the long-term impact of the District's near-term financing decisions.

Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE

The assets of the Burlington School District are classified as current assets and capital assets. Cash, investments, receivables, inventories, and prepaid expenditures are current assets. These assets are available to provide resources for the near-term operations of the District. Capital assets are used in the operations of the District. These assets include land, buildings, improvements, equipment, and vehicles.

The following tables provide a summary of the District's net position as of June 30, 2025 and 2024:

	Governmental Activities	
	<u>2025</u>	<u>2024</u>
Assets:		
Current Assets	\$11,879,696	\$10,718,702
Capital Assets	<u>19,093,321</u>	<u>18,241,524</u>
Total Assets	<u>30,973,017</u>	<u>28,960,226</u>
Deferred Outflows of Resources	<u>1,380,270</u>	<u>1,776,109</u>
Total Assets & Deferred Outflow of Resources	<u>\$32,353,287</u>	<u>\$30,736,335</u>
Liabilities:		
Current Liabilities	\$ 939,251	\$ 949,602
Non-Current Liabilities	<u>15,517,766</u>	<u>16,562,269</u>
Total Liabilities	<u>16,457,017</u>	<u>17,511,871</u>
Deferred Inflows of Resources	<u>2,121,953</u>	<u>1,683,603</u>
Net Position:		
Net Investment in Capital Assets	13,457,602	12,531,452
Restricted	2,500,642	2,091,979
Unrestricted	<u>(2,183,927)</u>	<u>(3,082,570)</u>
Total Net Position	<u>13,774,317</u>	<u>11,540,861</u>
Total Liabilities, Deferred Inflow of Resources & Net Position	<u>\$32,353,287</u>	<u>\$30,736,335</u>

Changes in Net Position as of June 30, 2025 and 2024

Following is a summary of the School District's change in net position for the years ending June 30, 2025 and 2024:

	Governmental Activities	
	<u>2025</u>	<u>2024</u>
Revenues		
Program Revenues:		
Charges for Services	\$ 439,387	\$ 439,455
Operating Grants & Contributions	2,035,437	2,054,248
Capital Grants & Contributions	761,701	638,571
General Revenues:		
Property Taxes	4,659,278	4,586,014
Specific Ownership Taxes	572,857	375,358
School Finance Act	5,137,433	4,405,666
Earnings (Losses) on Investments	354,678	241,714
Other	<u>116,853</u>	<u>56,770</u>
Total Revenues	<u>14,077,624</u>	<u>12,797,796</u>
Expenses		
Governmental Activities:		
Instruction	6,191,863	5,558,273
Support Service	4,551,198	4,266,229
Food Services	655,031	638,913
Student Activities	<u>446,076</u>	<u>395,606</u>
Total Expenses	<u>11,844,168</u>	<u>10,859,021</u>
Change in Net Position	2,233,456	1,938,775
Net Position – Beginning	<u>11,540,861</u>	<u>9,602,086</u>
Net Position - Ending	<u>\$13,774,317</u>	<u>\$11,540,861</u>

Governmental Activities

The primary source of operating revenue for school districts comes from the School Finance Act of 1994. Under this act, the District received \$7,451 per funded student after factoring in property taxes and specific ownership taxes. In fiscal year 2024-2025, the funded pupil count was 689.5. The District received approximately 36 percent of its total funding/revenues from state equalization while the remaining amount comes from property taxes, specific ownership taxes, charges for services, grants, and contributions and other.

Governmental activities for the year ended June 30, 2025 increased the Burlington School District 's net position by \$2,233,456.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

Governmental Funds

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of Burlington School District 's net resources available for spending at the end of the fiscal year.

The general fund is the major governmental fund of the Burlington School District. As of June 30, 2025, the general fund shows an ending fund balance of \$10,080,950 up from \$8,377,533 for the prior year.

GENERAL FUND BUDGETARY HIGHLIGHTS

Burlington School District began budget development for the 2024-2025 fiscal year in January 2024 with analysis of enrollment projections and current revenue assumptions. The budget committee, consisting of stakeholders from the schools and the community prioritized the needs of the District. The preliminary budget was presented to the Board of Education in May 2024. Adoption of the 2024-2025 budget occurred in June 2024 with revisions made in January 2025. No supplemental budget was adopted for the year ending June 30, 2025. For the year ended June 30, 2025, no expenditures exceeded appropriations.

CAPITAL ASSETS AND DEBT ADMINISTRATION

The District's net investment in capital assets for its governmental activities as of June 30, 2025 amounts to \$13,457,602. This is a total cost of \$31,448,956, less accumulated depreciation of \$12,355,635 and capital leases of \$5,635,719. This net investment in capital assets includes land, buildings, improvements, equipment, and capital leases all with an original cost greater than \$2,500. Additional information of the District's capital assets can be found in this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The budget for 2025-2026 will be comparable to the 2024-2025 budget. Any increase in revenues that the District may receive will be used to offset the increase in expenditures primarily related to retirement benefits, utilities, PERA increases, fuel costs and any other increase in general operations. If these estimates are realized, the District's budgetary general fund balance is not expected to change by the close of 2026.

Currently the District is in a good financial position, with adequate reserves that would continue to assist the district in maintaining expenses if a sudden decrease in revenue were to occur. The General Fund's ending fund balance increased from \$8,377,533 in the prior year to \$10,080,950 in the current year mainly due to the increase in local source and state source funding.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business Manager, Burlington School District, 2600 Rose Ave, Burlington, CO 80807.

BASIC FINANCIAL STATEMENTS

BURLINGTON SCHOOL DISTRICT RE-6J
KIT CARSON COUNTY, COLORADO

STATEMENT OF NET POSITION

JUNE 30, 2025

	GOVERNMENTAL ACTIVITIES
ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	\$ 3,126,725
Investments	6,134,208
Restricted cash	2,127,486
Cash with fiscal agent	175,166
Accounts receivable	-
Taxes receivable	186,000
Grants receivable	125,509
Inventories	4,602
TOTAL CURRENT ASSETS	11,879,696
CAPITAL ASSETS	
Capital assets not being depreciated	1,868,539
Capital assets being depreciated	29,580,417
Accumulated depreciation	(12,355,635)
CAPITAL ASSETS NET OF DEPRECIATION	19,093,321
TOTAL ASSETS	30,973,017
DEFERRED OUTFLOWS OF RESOURCES	
Pension related amounts	1,245,532
OPEB related amounts	134,738
TOTAL DEFERRED OUTFLOWS OF RESOURCES	1,380,270
LIABILITIES	
CURRENT LIABILITIES	
Accounts payable	7,220
Accrued interest	1,437
Accrued salaries and benefits	930,594
Unearned revenues	-
TOTAL CURRENT LIABILITIES	939,251
NONCURRENT LIABILITIES	
Due within one year	373,888
Due in more than one year	15,143,878
TOTAL NONCURRENT LIABILITIES	15,517,766
TOTAL LIABILITIES	16,457,017
DEFERRED INFLOWS OF RESOURCES	
Pension related amounts	1,460,161
OPEB related amounts	661,792
TOTAL DEFERRED INFLOWS OF RESOURCES	2,121,953
NET POSITION	
Net investment in capital assets	13,457,602
Restricted	2,500,642
Unrestricted (deficit)	(2,183,927)
TOTAL NET POSITION	\$ 13,774,317

BURLINGTON SCHOOL DISTRICT RE-6J
KIT CARSON COUNTY, COLORADO

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2025

FUNCTIONS/PROGRAMS	PROGRAM REVENUES				GOVERNMENTAL ACTIVITIES
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	
GOVERNMENTAL ACTIVITIES:					
Instruction	\$ 6,191,863	\$ 833	\$ 930,148	\$ -	\$ (5,260,882)
Support services	4,551,198	-	342,638	761,701	(3,446,859)
Food services operations	655,031	2,387	762,651	-	110,007
Student activities	446,076	436,167	-	-	(9,909)
TOTAL GOVERNMENTAL ACTIVITIES	\$ 11,844,168	\$ 439,387	\$ 2,035,437	\$ 761,701	(8,607,643)
GENERAL REVENUES					
					4,659,278
					572,857
					5,137,433
					354,678
					116,853
					10,841,099
					2,233,456
					11,540,861
					\$ 13,774,317

BURLINGTON SCHOOL DISTRICT RE-6J
KIT CARSON COUNTY, COLORADO

GOVERNMENTAL FUNDS
BALANCE SHEET

JUNE 30, 2025

	GENERAL	SPECIAL REVENUE FUNDS		CAPITAL RESERVE CAPITAL PROJECTS FUND	TOTAL GOVERNMENTAL FUNDS
		FOOD SERVICES FUND	PUPIL ACTIVITIES FUND		
ASSETS					
Cash and cash equivalents	\$ 2,550,172	\$ 224,328	\$ 235,949	\$ 116,276	\$ 3,126,725
Investments	6,134,208	-	-	-	6,134,208
Restricted cash	2,127,486	-	-	-	2,127,486
Cash with fiscal agent	175,166	-	-	-	175,166
Accounts receivable	-	-	-	-	-
Taxes receivable	186,000	-	-	-	186,000
Grants receivable	-	49,159	-	76,350	125,509
Inventory	-	4,602	-	-	4,602
TOTAL ASSETS	\$ 11,173,032	\$ 278,089	\$ 235,949	\$ 192,626	\$ 11,879,696
LIABILITIES					
Accounts payable	\$ 7,220	\$ -	\$ -	\$ -	\$ 7,220
Accrued salaries and benefits	898,862	31,732	-	-	930,594
TOTAL LIABILITIES	906,082	31,732	-	-	937,814
DEFERRED INFLOWS OF RESOURCES					
Deferred revenue - property taxes	186,000	-	-	-	186,000
FUND BALANCE					
Nonspendable	-	4,602	-	-	4,602
Restricted for:					
Debt service	2,127,486	-	-	-	2,127,486
TABOR	339,000	-	-	-	339,000
Universal Preschool Program	34,156	-	-	-	34,156
Committed	-	241,755	235,949	192,626	670,330
Unassigned	7,580,308	-	-	-	7,580,308
TOTAL FUND BALANCE	10,080,950	246,357	235,949	192,626	10,755,882
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE	\$ 11,173,032	\$ 278,089	\$ 235,949	\$ 192,626	\$ 11,879,696

BURLINGTON SCHOOL DISTRICT RE-6J
KIT CARSON COUNTY, COLORADO

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION

JUNE 30, 2025

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

Governmental funds total fund balances		\$ 10,755,882
Unearned property tax revenue. Revenues that do not provide current financial resources are deferred on the governmental fund financial statements but recognized on the government wide financial statements.		186,000
Capital assets and right-to-use assets used in governmental funds are not considered current financial resources and, therefore, not reported in the governmental funds.		31,448,956
Accumulated depreciation and amortization is not recognized in the governmental funds because capital assets and right-to-use assets are expensed at the time of acquisition.		(12,355,635)
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:		
Compensated absences	\$ (90,810)	
Capital leases	(5,635,719)	
Accrued interest payable	(1,437)	
Net pension liabilities	(9,620,541)	
Deferred outflows of resources - pension related amounts	1,245,532	
Deferred inflows of resources - pension related amounts	(1,460,161)	
Net OPEB liabilities	(170,696)	
Deferred outflows of resources - OPEB related amounts	134,738	
Deferred inflows of resources - OPEB related amounts	(661,792)	
		(16,260,886)
Governmental activities net position (deficit)		\$ 13,774,317

BURLINGTON SCHOOL DISTRICT RE-6J
KIT CARSON COUNTY, COLORADO

GOVERNMENTAL FUNDS
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30, 2025

	GENERAL	SPECIAL REVENUE FUNDS		CAPITAL RESERVE CAPITAL PROJECTS FUND	TOTAL GOVERNMENTAL FUNDS
		FOOD SERVICES FUND	PUPIL ACTIVITIES FUND		
REVENUES					
Local sources	\$ 5,684,802	\$ 18,785	\$ -	\$ -	\$ 5,703,587
State sources	5,980,191	67,269	-	293,185	6,340,645
Federal sources	430,580	695,382	-	468,516	1,594,478
Student activities	-	-	436,167	-	436,167
TOTAL REVENUES	12,095,573	781,436	436,167	761,701	14,074,877
EXPENDITURES					
Instruction	5,730,374	-	-	-	5,730,374
Support services	4,411,861	-	-	-	4,411,861
Capital outlay	153,000	316,472	-	1,152,296	1,621,768
Debt service	96,921	-	-	-	96,921
Food service operations	-	599,966	-	-	599,966
Student activities	-	-	446,076	-	446,076
TOTAL EXPENDITURES	10,392,156	916,438	446,076	1,152,296	12,906,966
REVENUES OVER (UNDER) EXPENDITURES	1,703,417	(135,002)	(9,909)	(390,595)	1,167,911
OTHER FINANCING SOURCES (USES)					
Transfers in (out)	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-
NET CHANGE IN FUND BALANCE	1,703,417	(135,002)	(9,909)	(390,595)	1,167,911
FUND BALANCE JULY 1	8,377,533	381,359	245,858	583,221	9,587,971
FUND BALANCE JUNE 30	\$ 10,080,950	\$ 246,357	\$ 235,949	\$ 192,626	\$ 10,755,882

BURLINGTON SCHOOL DISTRICT RE-6J
KIT CARSON COUNTY, COLORADO

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO
THE STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2025

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

Governmental funds changes in fund balances	\$	1,167,911	
<p>Unearned property tax revenue. Revenues that do not provide current financial resources are deferred on the governmental fund statements but recognized on the government - wide financial statements.</p>			
			186,000
<p>Governmental funds report capital outlays as expenditures. In the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation or amortization. This is the amount by which capital outlays differ from depreciation or amortization in the current period.</p>			
Capitalized expenditures	\$	1,621,768	
Depreciation expense		(743,886)	
Amortization expense		(26,085)	
			851,797
<p>Unearned property taxes of the prior year. Property taxes earned but deferred in the prior year and recognized in the current year are recognized in the prior year net position on the statement of activities.</p>			
			(182,700)
<p>The governmental funds report debt proceeds as an other financing source, while repayment of debt principal is reported as an expenditure. Interest expense is recognized as it accrued in the statement of activities regardless of when it is due. The net effect of these differences is as follows:</p>			
Repayment of debt principal	\$	74,353	
Interest expense		134	
			74,487
<p>In the statement of activities, certain operating expenses are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used or due (essentially, the amounts actually paid). This amount represents the net effect of compensated absences, and pension related amounts on the statement of activities.</p>			
Compensated absences	\$	9,045	
Pension related amounts		124,325	
OPEB related amounts		2,591	
			135,961
Governmental activities change in net position	\$		2,233,456

NOTES TO BASIC FINANCIAL STATEMENTS

BURLINGTON SCHOOL DISTRICT RE-6J
KIT CARSON COUNTY, COLORADO

NOTES TO FINANCIAL STATEMENTS

NOTE - 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Burlington School District RE-6J (the "District") is governed by an elected seven-member Board of Education. The District is the lowest level of government, which is considered to be financially accountable over all activities related to public school education in Burlington, Colorado. The District receives funding from local, state, and federal government sources and must comply with the requirements of these funding source entities. The Board of Education members are elected by the public and have decision-making authority, the power to designate management, the ability to significantly influence operations, and primary accountability for fiscal matters.

Accounting Principles

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

FINANCIAL REPORTING ENTITY

The inclusion or exclusion of component units is based on a determination of the elected official's financial accountability to their constituents, and whether the financial reporting entity follows the same accountability. Further, the financial statements of the reporting entity should enable the reader to distinguish between the primary government and any discretely presented component units, if applicable. The criteria used for determining whether an entity should be included, either blended or discretely presented, includes but is not limited to, fiscal dependency with a financial benefit or burden relationship, imposition of will, legal standing and the primary recipient of services.

The District is not included in any other governmental "reporting entity" as defined in GASB No. 14 and amended by GASB No. 39 and GASB No. 61. As required by accounting principles generally accepted in the United States of America, these basic financial statements present the District (the primary government) and its component units, if applicable.

Jointly Governed Organizations

Not reflected in the accompanying financial statements is the District's participation in the East 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 District in conjunction with other local school districts has created a Board of Cooperative Educational Services. The Board is composed of one member from each of the participating school districts. The Board has final authority for all budgeting and financing of the joint venture. The BOCES is not included as a component unit of the District as the financial responsibility is minimal, there is no financial interdependency, the District does not have the ability to significantly influence the operations of the BOCES and the District is not accountable for fiscal matters of the BOCES.

Each member pays an annual membership fee and then contributes additional monies in the relationship their student enrollment is to the total enrollment of all the members. The District has paid \$549,709 to BOCES during the fiscal year in exchange for services. Complete financial statements may be obtained by writing to: East Central BOCES, 820 2nd Street, P.O. Box 910, Limon, CO 80828-0910.

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (the statement of net position and the statement of activities) report information on all the non-fiduciary activities of the District. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities are normally supported by taxes and intergovernmental revenues.

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

BURLINGTON SCHOOL DISTRICT RE-6J
KIT CARSON COUNTY, COLORADO

NOTES TO FINANCIAL STATEMENTS

NOTE - 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial statements are provided for governmental funds. Major individual governmental funds are: General Fund, Food Services Fund, Pupil Activities Fund and Capital Reserve Capital Projects Fund.

MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The government-wide financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the 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. With this measurement focus, operating statements present increases and decreases in net current assets and unassigned fund balance as a measure of available spendable resources. This means that only current liabilities are generally included on their balance sheets.

Revenues are recognized as soon as they are both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period, or soon enough thereafter, to pay liabilities of the current period. Revenues are considered to be available if collected within 60 days after year-end.

Property taxes are reported as receivables and deferred revenue when levied and as revenues when due for collection in the following year and determined to be available.

Grants and entitlement revenues are recognized when compliance with matching requirements is met. A receivable is established when the related expenditures exceed revenue receipts and a deferred revenue/unearned revenue exists when assets have been recognized, but the related revenue has not been recognized, since the assets are not collected within the current period.

Expenditures are recorded when the related fund liability is incurred with the exception of general obligation and capital lease debt service which is recognized when due and certain accrued sick and personal pay which are accounted for as expenditures when expected to be liquidated with expendable available financial resources.

Certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

Fund Accounting

The accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures, or expenses, as appropriate. The District's resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The major funds presented in the accompanying basic financial statements are as follows:

General Fund

General Fund - The general fund is the general operating fund of the District; used to account for all resources that are not legally or by sound financial management to be accounted for in another fund. Activities relating to the Preschool fund has been included in the General Fund.

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources which are legally restricted to expenditures for specified purposes. The Special Revenue Funds consist of the following:

BURLINGTON SCHOOL DISTRICT RE-6J
KIT CARSON COUNTY, COLORADO

NOTES TO FINANCIAL STATEMENTS

NOTE - 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Special Revenue Funds (Continued)

Food Services Fund – Accounts for all financial activities associated with the District’s school breakfast and lunch programs. Revenues include federal and state grants and food sales.

Pupil Activities Fund – Is used to account for the various activities of the students and other restricted funds. These activities are supported in whole or in part by revenues from pupils, gate receipts and other fund-raising activities.

Capital Projects Funds

Capital Projects Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The use of the term capital outlay allows for the inclusion of expenditures for items that are capital in nature but may not qualify for financial reporting as capital assets under a government’s capitalization policy. The capital projects fund excludes those types of capital-related outflows financed by other funds or for assets that will be held in trust for individuals, private organizations, or other governments. The Capital Projects Funds consist of the following:

Capital Reserve Capital Projects Fund – This fund was established to account for the acquisition and construction of capital facilities and equipment other than those financed by trust funds or through bond proceeds.

Cash and Cash Equivalents

The District’s cash and cash equivalents represent amounts on deposit with financial institutions or held by the District. The District’s cash and cash equivalents are considered to be cash on hand and demand deposits with original maturities of three months or less from the date of acquisition. Cash is pooled in interest bearing accounts which are comprised of certificates of deposit, savings accounts, and money market accounts which are legally authorized.

Investments

The District is allowed to invest in the following types of investments: short-term certificates of deposit, repurchase agreements, money market deposit accounts, mutual funds, government pools, and U.S. Treasury Obligations. The District’s investments are reported at fair value.

Receivables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. In the fund financial statements, these receivables and payables are classified as “due from other funds” or “due to other funds” on the balance sheet. All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

Intergovernmental receivables include amounts due from grantors for specific program grants. Program grants are recorded as receivables and revenues at the time reimbursable project costs are incurred. Property taxes levied in fiscal year 2025, but not collected within 60 days, are identified as property taxes receivable.

Inventories

Inventories recorded in the Food Service Fund, as applicable, consist of purchased and donated commodities. Purchased inventories are stated at cost using the first-in first-out method of determining cost. Donated inventories, received at no cost under a program supported by the Federal Government, are recorded at their estimated fair value at the date of receipt.

The cost of all inventories is recorded as an asset when the individual inventory items are purchased and as an expenditure or expense when consumed.

Capital Assets

Capital assets, which include property, vehicles and equipment, are utilized for general District operations and are capitalized at actual or estimated cost. Donations of such assets are recorded at estimated fair value at the time of donation. Capital assets are reported in the governmental activities column in the government-wide financial statements.

BURLINGTON SCHOOL DISTRICT RE-6J
KIT CARSON COUNTY, COLORADO

NOTES TO FINANCIAL STATEMENTS

NOTE - 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets (Continued)

Maintenance, repairs, and minor renovations are recorded as expenditures when incurred. Major additions and improvements are capitalized. When assets used in the operation of the governmental fund types are sold, the proceeds of the sale are recorded as revenues in the appropriate fund. The District does not capitalize interest on the construction of capital assets.

The monetary threshold for capitalization of assets is \$2,500. The District's capital assets are depreciated using the straight-line method over the estimated useful lives of the fixed assets. Estimated useful lives are:

	<u>Years</u>
Vehicles	7-10
Other Equipment	5-25
Buildings and improvements	10-50

Leased Assets – Right-to-Use Asset

Leased assets are recorded at the amount of the initial measurement of the lease liabilities and modified by any lease payments made to the lessor at or before the commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease term along with any initial direct costs that are ancillary charges necessary to place the lease assets into service.

Leased assets are amortized using the straight-line method over the shorter of the lease term or the useful life of the underlying asset, unless the lease contains a purchase option that the District has determined is reasonably certain of being exercised. In this case, the lease asset is amortized over the useful life of the underlying asset.

Leased assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

Liabilities

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable government activities statement of net position. The District's capital leases are serviced from property taxes and other revenues of the General Fund and the Capital Projects Funds.

Accrued Vacation and Sick Pay

The District allows eligible employees to carryover unused vacation of up to 30 days. Certified employees earn 10 days per year, while classified staff earn between 5 and 12 days per year dependent on employment status. During the third year and each subsequent year of employment, any unused leave over 30 days will be paid at \$60 per day at the end of the school year. Upon termination, the full accumulation is paid. The estimated liability is reflected as a long-term liability. Payments for unused leave are typically funded through the General Fund.

At the end of the fiscal year an accrual exists for the outstanding hours accumulated and not paid out. Accrued vacation and sick leave are payable upon resignation, termination, retirement, or death from current resources.

In accordance with the governmental accounting standards, the District has recorded the accrued liability for vacation pay in the accompanying district wide financial statements. The amounts are accrued as expenses when incurred in the funds of the District.

Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities of net position. Net pension liabilities and Net OPEB liability, associated with the School Division Trust Fund (SCHDTF) and Health Care Trust Fund (HCTF) administered by PERA, represent the District's proportionate share of total pension/OPEB liabilities less the fiduciary net position. Amounts have been determined using the economic resources measurement focus and the accrual basis of accounting.

For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Pension related deferred outflows and inflows are reported as such and will be recognized in the collective pension expense in subsequent years. The employer portions of contributions made to the SCHDTF and HCTF are reported as benefit expenditures in the current period.

BURLINGTON SCHOOL DISTRICT RE-6J
KIT CARSON COUNTY, COLORADO

NOTES TO FINANCIAL STATEMENTS

NOTE - 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Unearned Revenue

Unearned revenues represent assets received (measurable) but not yet earned. In the statement of net position, unearned revenues represent grant funds received, but not yet earned as the related service has not yet been provided.

Deferred Revenue

Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental funds represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period, or in the case of property taxes, levied for a future period. Deferred revenue consists of the succeeding year's property taxes.

Deferred Outflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has two items that qualify for reporting in this category which is for pension and OPEB related amounts.

Pension Related - Amounts reported as deferred outflows of resources include the following:

Difference Between Expected and Actual Experience	\$ 544,797
Changes of Assumptions or Other Inputs	72,126
Net Difference Between Projected and Actual Investment	
Earnings on Pension Plan Investments	124,636
Contributions Made Subsequent to the Measurement Date	<u>503,973</u>
Total Pension Related Deferred Outflows	<u>\$ 1,245,532</u>

More information on pension related items is included in Note 7.

OPEB Related - Amounts reported as deferred outflows of resources include the following:

Difference Between Expected and Actual Experience	\$ -
Changes of Assumptions or Other Inputs	1,957
Net Difference Between Projected and Actual Investment	
Earnings on Pension Plan Investments	107,558
Contributions Made Subsequent to the Measurement Date	<u>25,223</u>
Total OPEB Related Deferred Outflows	<u>\$ 134,738</u>

More information on OPEB related items is included in Note 9.

Deferred Inflows of Resources

In addition to liabilities, the statement of financial position and balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has three items reported in this category.

Property Taxes - The item, property taxes levied for subsequent years, arises only under a modified accrual basis of accounting. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Property tax revenue is considered a deferred inflow of resources in the year the taxes are levied and measurable, and are recognized as an inflow of resources in the period they are collected.

Pension Related - Amounts reported as deferred inflows of resources include the following:

Difference Between Expected and Actual Experience	\$ -
Changes of Assumptions or Other Inputs	-
Net Difference Between Projected and Actual Investment	
Earnings on Pension Plan Investments	<u>(1,460,161)</u>
Total Pension Related Deferred Inflows	<u>\$ (1,460,161)</u>

More information on pension related items is included in Note 7.

BURLINGTON SCHOOL DISTRICT RE-6J
KIT CARSON COUNTY, COLORADO

NOTES TO FINANCIAL STATEMENTS

NOTE - 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Inflows of Resources (Continued)

OPEB Related - Amounts reported as deferred inflows of resources include the following:

Difference Between Expected and Actual Experience	\$ (33,271)
Changes of Assumptions or Other Inputs	(54,563)
Net Difference Between Projected and Actual Investment	
Earnings on Pension Plan Investments	<u>(573,958)</u>
Total OPEB Related Deferred Inflows	<u>\$ (661,792)</u>

More information on OPEB related items is included in Note 9.

Fund Balance

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. GASB Statement Number 54, "*Fund Balance Reporting and Governmental Fund Type Definitions*", is intended to improve the usefulness of information provided to financial report users about fund balance by providing clearer, more structured fund balance classifications and by clarifying the definitions of existing governmental fund types. As a result, fund balances are reported in classifications based on the extent to which the District is bound to honor constraints for the specific purposes on which amounts in the fund can be spent.

The following classifications describe the relative strength of the spending constraints placed on the purposes for which the resources can be used:

Nonspendable fund balance - amounts that are not in spendable form (such as inventory) or required to be maintained intact;

Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;

Committed fund balance - amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest-level action to remove or change the constraint;

Assigned fund balance - amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;

Unassigned fund balance - amounts that are available for any purpose; positive amounts are reported only in the General Fund.

The Board of Education establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. This is typically done through adoption and amendment of the budget. Assigned fund balance is established through the adoption or amendment of the budget as intended for specific purposes.

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

Universal Preschool Program

This reserve of fund balance is the amount of unused fund balance from the Universal Preschool Program activity which is accounted for in the General Fund. The Program's main objective is to provide high quality early education support to children in the year(s) before they are eligible for kindergarten and qualifying 3-year-olds.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

BURLINGTON SCHOOL DISTRICT RE-6J
KIT CARSON COUNTY, COLORADO

NOTES TO FINANCIAL STATEMENTS

NOTE - 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgetary Information

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for all funds. All annual appropriations lapse at fiscal year-end. Expenditures may not legally exceed appropriations at the fund level. For the year ended June 30, 2025, no expenditures exceeded appropriations.

The District adheres to the following procedures in establishing the budgetary data reflected in the financial statements:

- Budgets are required by state law for all funds. By May 31, the Superintendent of Schools submits to the Board of Education a proposed budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted by the 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.
- Revisions that alter the total expenditures of any fund must be approved by the Board of Education.
- Budgeted amounts reported in the accompanying financial statements are as originally adopted or amended by the Board of Education.
- Encumbrance accounting is not utilized

NOTE - 2 DEPOSITS AND INVESTMENTS

Deposits

The District's investment policies are approved by the Board of Education and governed by Colorado statute. The Colorado Public Deposit Protection Act, (PDPA) requires that all units of local government deposit cash in eligible public depositories; state regulators determined eligibility. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to the aggregate uninsured deposits.

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of June 30, 2025, \$5,181,778 of the District's bank balance of \$5,681,778 was exposed to custodial credit risk. Deposits exposed to credit risk are collateralized with securities held by the pledging financial institution through PDPA.

At June 30, 2025, the District's bank balance and corresponding carrying balance were as follows:

	Carrying Balance	Bank Balance
Insured (FDIC)	\$ 500,000	\$ 500,000
Uninsured, Collateralized under the Public Deposit Protection Act	4,754,211	5,181,778
	\$ 5,254,211	\$ 5,681,778

The carrying amount is reflected in the accompanying financial statements as follows:

Governmental Activities – Unrestricted Cash	\$ 3,126,725
Governmental Activities – Restricted Cash	2,127,486
	\$ 5,254,211

BURLINGTON SCHOOL DISTRICT RE-6J
KIT CARSON COUNTY, COLORADO

NOTES TO FINANCIAL STATEMENTS

NOTE - 2 DEPOSITS AND INVESTMENTS (Continued)

Investments

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

	<u>Investments</u>	<u>Maturities</u>	<u>Fair Value</u>
COLO Trust	External Investment Pool	Under 60 Day Avg.	\$ 6,134,208

Credit Risk - State law limits investments for school districts to U.S. treasury issues, other federally backed notes and credits, and other agency offerings (not based on derivatives) without limitation. Other investment instruments including bank obligations, general obligation bonds, and commercial paper are limited to at least one of the highest rating categories of at least one nationally recognized rating agency. State law further limits investments in money market funds that are organized according to the Federal Investment Company Act of 1940, as specified in rule 2a-7, as amended, as long as such rule does not increase remaining maturities beyond a maximum of three years. Investments in these funds require that the institution have assets in excess of \$1 billion or the highest credit rating from one or more of a nationally recognized rating agency. The investment in COLOTrust were rated AAA by Standard & Poor's.

Interest Rate Risk - The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value loss resulting from increasing interest rates. Specifically, all securities are limited to a maximum maturity of five years from the date of purchase unless the governing body authorizes a longer period.

Concentration of Credit Risk – The District does not have a formal policy restricting the amount that can be invested in any issuer.

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs and; Level 3 inputs are significant unobservable inputs.

The District has no recurring fair value measurements as of June 30, 2025.

COLOTRUST – Investments in this external investment pool are reported at \$1 net asset value per share and are not subject to fair value measurement. The investment is reported at cost. ColoTrust issues a publicly available annual financial report that includes the assets of the District. That report may be obtained at the ColoTrust website www.colotrust.com.

NOTE - 3 PROPERTY TAXES

Property taxes are levied on December 15 and attach as a lien on property the following January 1. They are payable in full by April 30 or in two equal installments due February 28 and June 15. The County bills and collects property taxes for all taxing districts in the County. The property tax receipts collected by the County are remitted to the District in the subsequent month. Property taxes that are uncollected at the end of the fiscal year are expected to be utilized as a financing source in the following fiscal year and are reported as receivable and deferred revenue.

BURLINGTON SCHOOL DISTRICT RE-6J
KIT CARSON COUNTY, COLORADO

NOTES TO FINANCIAL STATEMENTS

NOTE - 4 CAPITAL ASSETS

A summary of changes in capital assets is as follows:

	<u>Balances</u> June 30, 2024	<u>Additions</u>	<u>Deletions</u>	<u>Balances</u> June 30, 2025
<u>Governmental Activities:</u>				
Non-depreciable assets:				
Land	\$ 41,987	\$ -	\$ -	\$ 41,987
Construction in Process	<u>674,256</u>	<u>1,152,296</u>	<u>-</u>	<u>1,826,552</u>
Total non-depreciable assets	<u>716,243</u>	<u>1,152,296</u>	<u>-</u>	<u>1,868,539</u>
Depreciable assets:				
Buildings	24,586,390	-	-	24,586,390
Site Improvements	1,788,967	-	-	1,788,967
Equipment	1,562,585	253,472	-	1,816,057
Vehicles	<u>1,036,058</u>	<u>216,000</u>	<u>-</u>	<u>1,252,058</u>
Total depreciable assets	<u>28,974,000</u>	<u>469,472</u>	<u>-</u>	<u>29,443,472</u>
Less accumulated				
Depreciation for:				
Land improvements	(8,219,450)	(533,483)	-	(8,752,936)
Buildings	(1,021,556)	(63,951)	-	(1,085,507)
Equipment	(1,303,876)	(92,617)	-	(1,396,493)
Vehicles	<u>(992,960)</u>	<u>(53,832)</u>	<u>-</u>	<u>(1,046,792)</u>
Total accumulated depreciation	<u>(11,537,842)</u>	<u>(743,886)</u>	<u>-</u>	<u>(12,281,728)</u>
Leased Capital Assets - Amortized:				
Equipment	<u>136,945</u>	<u>-</u>	<u>-</u>	<u>136,945</u>
Less Accumulated Amortization:				
Equipment	<u>(47,822)</u>	<u>(26,085)</u>	<u>-</u>	<u>(73,907)</u>
Total capital assets net	<u>\$ 18,241,524</u>	<u>\$ 851,797</u>	<u>\$ -</u>	<u>\$ 19,093,321</u>

Depreciation and amortization expense was charged to functions/programs of the primary government as follows:

Governmental Activities:	
Instruction	\$ 595,583
Food service operations	4,850
Support services	<u>143,453</u>
Total depreciation/amortization expense – governmental activities	<u>\$ 743,886</u>

NOTE - 5 ACCRUED SALARIES AND EMPLOYEE BENEFITS

Salaries and retirement benefits of certain contractually employed personnel are paid over a twelve-month period from September to August, but are earned during a school year of approximately nine to ten months. The salaries and benefits earned, but unpaid, at June 30, 2025, was \$930,594. Accordingly, the accrued salaries and benefits is reflected as a liability in the accompanying financial statements of the General Fund for \$898,862 and in the Food Service Fund for \$31,732.

BURLINGTON SCHOOL DISTRICT RE-6J
KIT CARSON COUNTY, COLORADO

NOTES TO FINANCIAL STATEMENTS

NOTE - 6 LONG-TERM DEBT

The following is a summary of general long-term debt for the District as of June 30, 2025:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<u>Governmental activities:</u>					
2017 Lease Payable (QZAB)	\$ 5,048,000	\$ -	\$ -	\$ 5,048,000	\$ 296,941
2019 Lease Payable	569,990	-	(48,654)	521,336	50,342
Lease – Right-to-Use Asset	92,082	-	(25,699)	66,383	26,605
PERA Net Pension Liability	10,498,837	1,087,369	(1,965,665)	9,620,541	-
PERA Net OPEB Liability	253,505	119,661	(202,470)	170,696	-
Accrued Compensated Absences	<u>99,855</u>	<u>-</u>	<u>(9,045)</u>	<u>90,810</u>	<u>-</u>
Total Long-Term Debt	<u>\$16,562,269</u>	<u>\$ 1,207,030</u>	<u>\$(2,251,533)</u>	<u>\$15,517,766</u>	<u>\$ 373,888</u>

The compensated absences will be liquidated with resources of the general fund.

2017 Lease Payable (QZAB)

On December 20, 2017, the District entered into a sale/lease purchase to comply with a Qualified Zone Academy Bond (QZAB) through the State of Colorado which is interest free. The amount of the lease was for \$5,048,000 and calls for annual escrow payments of \$296,941 for seventeen years through final maturity in December 2034. Payments are scheduled to be made by the General Fund.

Annual escrow payments due are as follow:

	<u>ESCROW PAYMENTS</u>		
	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2026	\$ 296,941	\$ -	\$ 296,941
2027	296,941	-	296,941
2028	296,941	-	296,941
2029	296,941	-	296,941
2030	296,941	-	296,941
2031-2035	<u>1,484,707</u>	<u>-</u>	<u>1,484,707</u>
	2,969,412	<u>\$ -</u>	<u>\$ 2,969,412</u>
Restricted Cash - Held in Escrow Account	<u>2,078,588</u>		
Total Outstanding as of June 30, 2025	<u>\$ 5,048,000</u>		

Deposits made for fiscal years 2019 through 2025 totaling \$2,078,588 along with \$48,898 in interest earned is reported as restricted cash for a total of \$2,127,486 in the General Fund.

2019 Lease Payable

On June 3, 2019, the District entered into a capital lease arrangement for the purchase of equipment. The amount of the lease was for \$1,026,492 and requires annual payments through 2034 of \$68,433 including 3.47% interest. Payments are scheduled to be made by the General Fund.

Annual debt service requirements to maturity are as follow:

	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2026	\$ 50,342	\$ 18,091	\$ 68,433
2027	52,089	16,344	68,433
2028	53,898	14,535	68,433
2029	55,767	12,666	68,433
2030	57,702	10,731	68,433
2031-2034	<u>251,538</u>	<u>22,193</u>	<u>273,731</u>
	<u>\$ 521,336</u>	<u>\$ 94,560</u>	<u>\$ 615,896</u>

BURLINGTON SCHOOL DISTRICT RE-6J
KIT CARSON COUNTY, COLORADO

NOTES TO FINANCIAL STATEMENTS

NOTE - 6 LONG-TERM DEBT (Continued)

Capital Lease – Right-to-Use Asset

The District entered into a lease with Great Copier Service for equipment. The lease calls for 63 monthly payments of \$2,374 beginning September 27, 2022. The imputed interest is at the rate of 3.47%. Capital lease is collateralized by the equipment and has a net book value of \$63,038 as of June 30, 2025.

Annual debt service requirements to maturity are as follow:

	PRINCIPAL	INTEREST	TOTAL
2026	\$ 26,605	\$ 1,883	\$ 28,488
2027	27,543	945	28,488
2028	12,235	110	12,345
	\$ 66,383	\$ 2,938	\$ 69,321

NOTE - 7 DEFINED BENEFIT PENSION PLAN

Summary of Significant Accounting Policies

Pensions. Burlington School District RE-6J participates in the School Division Trust Fund (SCHDTF), a cost-sharing multiple-employer defined benefit pension plan administered by the Public Employees’ Retirement Association of Colorado (PERA). The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position (FNP) and additions to/deductions from the FNP of the SCHDTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

General Information about the Pension Plan

Plan description. Eligible employees of the Burlington School District RE-6J are provided with pensions through the SCHDTF—a cost-sharing multiple-employer defined benefit pension plan administered by PERA. Plan benefits are specified in Title 24, Article 51 of the Colorado Revised Statutes (C.R.S.), administrative rules set forth at 8 C.C.R. 1502-1, and applicable provisions of the federal Internal Revenue Code. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available annual comprehensive financial report (ACFR) that can be obtained at www.copera.org/forms-resources/financial-reports-and-studies.

Benefits provided as of December 31, 2024. PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. § 24-51-602, 604, 1713, and 1714.

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

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

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

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

BURLINGTON SCHOOL DISTRICT RE-6J
KIT CARSON COUNTY, COLORADO

NOTES TO FINANCIAL STATEMENTS

NOTE - 7 DEFINED BENEFIT PENSION (Continued)

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

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

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

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

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

Contributions provisions as of June 30, 2025: Eligible employees of, Burlington School District RE-6J and the State are required to contribute to the SCHDTF at a rate set by Colorado statute. The contribution requirements for the SCHDTF are established under C.R.S. § 24-51-401, *et seq.* and § 24-51-413. Eligible employees are required to contribute 11.00% of their PERA-includable salary during the period of July 1, 2024 through June 30, 2025. Employer contribution requirements are summarized in the following table:

	July 1, 2024 Through June 30, 2025
Employer contribution rate	11.40%
Amount of employer contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f)	(1.02%)
Amount apportioned to the SCHDTF	10.38%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	4.50%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	5.50%
Total employer contribution rate to the SCHDTF	20.38%

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

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the Burlington School District RE-6J is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from Burlington School District RE-6J were \$951,893 for the year ended June 30, 2025.

BURLINGTON SCHOOL DISTRICT RE-6J
KIT CARSON COUNTY, COLORADO

NOTES TO FINANCIAL STATEMENTS

NOTE - 7 DEFINED BENEFIT PENSION (Continued)

For purposes of GASB 68 paragraph 15, a circumstance exists in which a nonemployer contributing entity is legally responsible for making contributions to the SCHDTF and is considered to meet the definition of a special funding situation. As specified in C.R.S. § 24-51-414, the State is required to contribute a \$225 million direct distribution each year to PERA starting on July 1, 2018. For 2024, a portion of the direct distribution payment is allocated to the SCHDTF based on the proportionate amount of annual payroll of the SCHDTF to the total annual payroll of the SCHDTF, State Division Trust Fund, Judicial Division Trust Fund, and Denver Public Schools Division Trust Fund.

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

The net pension liability for the SCHDTF was measured as of December 31, 2024, and the total pension liability (TPL) 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 TPL to December 31, 2024. The Burlington School District RE-6J proportion of the net pension liability was based on Burlington School District RE-6J contributions to the SCHDTF for the calendar year 2024 relative to the total contributions of participating employers and the State as a nonemployer contributing entity.

At June 30, 2025, the Burlington School District RE-6J reported a liability of \$9,620,541 for its proportionate share of the net pension liability that reflected a reduction for support from the State as a nonemployer contributing entity. The amount recognized by the Burlington School District RE-6J as its proportionate share of the net pension liability, the related support from the State as a nonemployer contributing entity, and the total portion of the net pension liability that was associated with Burlington School District RE-6J were as follows:

Burlington School District RE-6J proportionate share of the net pension liability	\$9,620,541
The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the Burlington School District RE-6J	78,864
Total	\$9,699,405

At December 31, 2024, the Burlington School District RE-6J proportion was .0558% which was a decrease of -0.003% from its proportion measured as of December 31, 2023.

For the year ended June 30, 2025, the Burlington School District RE-6J recognized pension revenue of \$124,325 and revenue of \$78,864 for support from the State as a nonemployer contributing entity. At June 30, 2025, the Burlington School District RE-6J reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 544,797	\$ -
Changes of assumptions or other inputs	72,126	-
Net difference between projected and actual earnings on pension plan investments	124,636	(1,460,161)
Changes in proportion and differences between contributions recognized and proportionate share of contributions	-	-
Contributions subsequent to the measurement date	503,973	N/A
Total	\$1,245,532	\$(1,460,161)

BURLINGTON SCHOOL DISTRICT RE-6J
KIT CARSON COUNTY, COLORADO

NOTES TO FINANCIAL STATEMENTS

NOTE - 7 DEFINED BENEFIT PENSION (Continued)

\$503,973 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30, 2025:	
2026	\$ (45,197)
2027	(177,627)
2028	(321,580)
2029	(174,198)
2030	-
Thereafter	-

Actuarial assumptions. The December 31, 2023, actuarial valuation used the following actuarial cost method and key actuarial assumptions and other inputs:

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

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

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

	Mortality Table	Adjustments, as Applicable
Pre-Retirement	PubT-2010 Employee	N/A
Post-Retirement (Retiree), Non-Disabled	PubT-2010 Healthy Retiree	<u>Males:</u> 112% of the rates prior to age 80/ 94% of the rates age 80 and older <u>Females:</u> 83% of the rates prior to age 80/ 106% of the rates age 80 and older
Post-Retirement (Beneficiary), Non-Disabled	Pub-2010 Contingent Survivor	<u>Males:</u> 97% of the rates for all ages <u>Females:</u> 105% of the rates for all ages
Disabled	PubNS-2010 Disabled Retiree	99% of the rates for all ages

BURLINGTON SCHOOL DISTRICT RE-6J
KIT CARSON COUNTY, COLORADO

NOTES TO FINANCIAL STATEMENTS

NOTE - 7 DEFINED BENEFIT PENSION (Continued)

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

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 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 increases, including wage inflation: 4.00%-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.

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. Note that in all categories, displayed as follows, the mortality tables are generationally projected using the 2024 adjusted MP-2021 projection scale.

	Mortality Table	Adjustments, as Applicable
Pre-Retirement	PubT-2010 Employee	N/A
Post-Retirement (Retiree), Non-Disabled	PubT-2010 Healthy Retiree	<u>Males</u> : 106% of the rates for all ages <u>Females</u> : 86% of the rates prior to age 85/ 115% of the rates age 85 and older
Post-Retirement (Beneficiary), Non-Disabled	Pub-2010 Contingent Survivor	<u>Males</u> : 92% of the rates for all ages <u>Females</u> : 100% of the rates for all ages
Disabled	PubNS-2010 Disabled Retiree	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 weighting the expected future real rates of return by the target asset allocation percentages and then adding expected inflation.

The PERA Board first adopted the 7.25% long-term expected rate of return as of November 18, 2016. Following an asset/liability study, the Board reaffirmed the assumed rate of return at the 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:

BURLINGTON SCHOOL DISTRICT RE-6J
KIT CARSON COUNTY, COLORADO

NOTES TO FINANCIAL STATEMENTS

NOTE - 7 DEFINED BENEFIT PENSION (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%	

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

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

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

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

BURLINGTON SCHOOL DISTRICT RE-6J
KIT CARSON COUNTY, COLORADO

NOTES TO FINANCIAL STATEMENTS

NOTE - 7 DEFINED BENEFIT PENSION (Continued)

Sensitivity of the Burlington School District RE-6J proportionate share of the net pension liability to changes in the discount rate. The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.25%, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.25%) or 1-percentage point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension	\$13,043,224	\$9,620,541	\$6,753,567

Pension plan fiduciary net position. Detailed information about the SCHDTF's FNP is available in PERA's ACFR which can be obtained at www.copera.org/forms-resources/financial-reports-and-studies.

NOTE – 8 DEFINED CONTRIBUTION PENSION PLANS

Voluntary Investment Program (PERAPlus 401(k) Plan)

Plan Description - Employees of the Burlington School District RE-6J that are also members of the SCHDTF may voluntarily contribute to the Voluntary Investment Program (PERAPlus 401(k) Plan), an Internal Revenue Code Section 401(k) defined contribution plan administered by PERA. Title 24, Article 51, Part 14 of the C.R.S., as amended, assigns the authority to establish the Plan provisions to the PERA Board of Trustees. PERA issues a publicly available ACFR which includes additional information on the PERAPlus 401(k) Plan. That report can be obtained at www.copera.org/forms-resources/financial-reports-and-studies.

Funding Policy - The PERAPlus 401(k) Plan is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. In addition, the Burlington School District RE-6J has agreed to match employee contributions up to 0% of covered salary as determined by the Internal Revenue Service. Employees are immediately vested in their own contributions, employer contributions and investment earnings. For the year ended June 30, 2025, program members contributed \$42,732 and Burlington School District RE-6J recognized pension expense and a liability of \$0 and \$0 respectively, for the PERAPlus 401(k) Plan.

Deferred Compensation Plan (PERAPlus 457 Plan)

Plan Description - Employees of the Burlington School District RE-6J may voluntarily contribute to the Deferred Compensation Plan (PERAPlus 457 Plan), an Internal Revenue Code Section 457 deferred compensation plan administered by PERA. Title 24, Article 51, Part 16 of the C.R.S., as amended, assigns the authority to establish the Plan provisions to the PERA Board of Trustees. PERA issues a publicly available ACFR which includes additional information on the PERAPlus 457 Plan. That report can be obtained at www.copera.org/forms-resources/financial-reports-and-studies.

Funding Policy - The PERAPlus 457 Plan is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1603 of the C.R.S., as amended. In addition, the Burlington School District RE-6J has agreed to match employee contributions up to 0% of covered salary as determined by the Internal Revenue Service. Members are immediately vested in their own contributions, employer contributions and investment earnings. For the year ended June 30, 2025, program members contributed \$0 and Burlington School District RE-6J recognized pension expense and a liability of \$0 and \$0, respectively, for the PERAPlus 457 Plan.

BURLINGTON SCHOOL DISTRICT RE-6J
KIT CARSON COUNTY, COLORADO

NOTES TO FINANCIAL STATEMENTS

NOTE - 9 DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN

Summary of Significant Accounting Policies

OPEB. Burlington School District RE-6J participates in the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit OPEB fund administered by the Public Employees' Retirement Association of Colorado ("PERA"). The net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, information about the fiduciary net position (FNP) and additions to/deductions from the FNP of the HCTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefits paid on behalf of health care participants are recognized when due and/or payable in accordance with the benefit terms. Investments are reported at fair value.

General Information about the OPEB Plan

Plan description. Eligible employees of the Burlington School District RE-6J are provided with OPEB through the HCTF—a cost-sharing multiple-employer defined benefit OPEB plan administered by PERA. The HCTF is established under Title 24, Article 51, Part 12 of the Colorado Revised Statutes (C.R.S.), as amended, and sets forth a framework that grants authority to the PERA Board to contract, self-insure, and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of the premium subsidies. Colorado State law provisions may be amended by the Colorado General Assembly. PERA issues a publicly available annual comprehensive financial report (ACFR) that can be obtained at www.copera.org/forms-resources/financial-reports-and-studies.

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

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

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

PERA Benefit Structure

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

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

BURLINGTON SCHOOL DISTRICT RE-6J
KIT CARSON COUNTY, COLORADO

NOTES TO FINANCIAL STATEMENTS

NOTE - 9 DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

DPS Benefit Structure

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

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

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

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the Burlington School District RE-6J is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from Burlington School District RE-6J were \$47,641 for the year ended June 30, 2025.

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

At June 30, 2025, the Burlington School District RE-6J reported a liability of \$170,696 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2024, and the total OPEB liability (TOL) 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 TOL to December 31, 2024. The Burlington School District RE-6J proportion of the net OPEB liability was based on Burlington School District RE-6J contributions to the HCTF for the calendar year 2024 relative to the total contributions of participating employers to the HCTF.

At December 31, 2024, the Burlington School District RE-6J proportion was .0357%, which was an increase of .0002% from its proportion measured as of December 31, 2023.

For the year ended June 30, 2025, the Burlington School District RE-6J recognized OPEB revenue of \$2,591. At June 30, 2025, the Burlington School District RE-6J reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$(33,271)
Changes of assumptions or other inputs	1,957	(54,563)
Net difference between projected and actual earnings on OPEB plan investments	107,558	(573,958)
Changes in proportion and differences between contributions recognized and proportionate share of contributions	-	-
Contributions subsequent to the measurement date	25,223	N/A
Total	\$134,735	\$(661,792)

BURLINGTON SCHOOL DISTRICT RE-6J
KIT CARSON COUNTY, COLORADO

NOTES TO FINANCIAL STATEMENTS

NOTE - 9 DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

\$25,223 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30, 2025:	
2026	\$(83,202)
2027	(83,209)
2028	(83,941)
2029	(84,103)
2030	(84,103)
Thereafter	(133,719)

Actuarial assumptions. The December 31, 2023, actuarial valuation used the following actuarial cost method and key actuarial assumptions and other inputs:

	State Division	School Division	Local Government Division	Judicial Division
Actuarial cost method			Entry age	
Price inflation			2.30%	
Real wage growth			0.70%	
Wage inflation			3.00%	
Salary increases, including wage inflation				
Members other than Safety Officers	3.30%-10.90%	3.40%-11.00%	3.20%-11.30%	2.80%-5.30%
Safety Officers	3.20%-12.40%	N/A	3.20%-12.40%	N/A
Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation			7.25%	
Discount rate			7.25%	
Health care cost trend rates				
PERA benefit structure:				
Service-based premium subsidy			0.00%	
PERACare Medicare plans			16.00% in 2024, then 6.75% in 2025, gradually decreasing to 4.50% in 2034	
MAPD PPO #2			105.00% 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 2033	
DPS benefit structure:				
Service-based premium subsidy			0.00%	
PERACare Medicare plans			N/A	
Medicare Part A premiums			N/A	

BURLINGTON SCHOOL DISTRICT RE-6J
KIT CARSON COUNTY, COLORADO

NOTES TO FINANCIAL STATEMENTS

NOTE - 9 DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

As of the December 31, 2024, measurement date, the FNP and related disclosure components for the HCTF reflect additional payments related to the disaffiliation of Tri-County Health Department (Tri-County Health) 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.

Each year the per capita health care costs are developed by plan option. As of the December 31, 2023, actuarial valuation, 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 were then applied to estimate individual retiree and spouse costs by age, gender, and health care cost trend. This approach applies for all members and is adjusted accordingly for those not eligible for premium-free Medicare Part A for the PERA benefit structure.

Age-Related Morbidity Assumptions

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

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

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

The 2024 Medicare Part A premium is \$505 per month.

BURLINGTON SCHOOL DISTRICT RE-6J
KIT CARSON COUNTY, COLORADO

NOTES TO FINANCIAL STATEMENTS

NOTE - 9 DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

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

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

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models, and industry methods developed by health plan actuaries and administrators. In addition, projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services are referenced in the development of these rates. PERACare Medicare plan rates are applied where members have no premium-free Part A and where those premiums are already exceeding the maximum subsidy. MAPD PPO #2 has a separate trend because the first year rates are still below the maximum subsidy and to reflect the estimated impact of the Inflation Reduction Act for that plan option.

The PERA benefit structure health care cost trend rates used to measure the TOL are summarized in the following table:

Year	PERACare Medicare Plans ¹	MAPD PPO #21	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 Division Trust Funds as shown in the following table, reflect generational mortality and were applied, as applicable, in the December 31, 2023, valuation for the HCTF, but developed using a headcount-weighted basis. Note that in all categories, displayed as follows, the mortality tables are generationally projected using scale MP-2019. Affiliated employers of the State, School, Local Government, and Judicial Divisions participate in the HCTF.

BURLINGTON SCHOOL DISTRICT RE-6J
KIT CARSON COUNTY, COLORADO

NOTES TO FINANCIAL STATEMENTS

NOTE - 9 DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

<u>Pre-Retirement</u>	<u>Mortality Table</u>	<u>Adjustments, as Applicable</u>
State and Local Government Divisions (members other than Safety Officers)	PubG-2010 Employee	N/A
Safety Officers	PubS-2010 Employee	N/A
School Division	PubT-2010 Employee	N/A
Judicial Division	PubG-2010(A) Above-Median Employee	N/A

<u>Post-Retirement (Retiree), Non-Disabled</u>	<u>Mortality Table</u>	<u>Adjustments, as Applicable</u>
State and Local Government Divisions (members other than Safety Officers)	PubG-2010 Healthy Retiree	<u>Males:</u> 94% of the rates prior to age 80/ 90% of the rates age 80 and older <u>Females:</u> 87% of the rates prior to age 80/ 107% of the rates age 80 and older
Safety Officers	PubS-2010 Healthy Retiree	N/A
School Division	PubT-2010 Healthy Retiree	<u>Males:</u> 112% of the rates prior to age 80/ 94% of the rates age 80 and older <u>Females:</u> 83% of the rates prior to age 80/ 106% of the rates age 80 and older
Judicial Division	PubG-2010(A) Above-Median Healthy Retiree	N/A

<u>Post-Retirement (Beneficiary), Non-Disabled</u>	<u>Mortality Table</u>	<u>Adjustments, as Applicable</u>
All Beneficiaries	Pub-2010 Contingent Survivor	<u>Males:</u> 97% of the rates for all ages <u>Females:</u> 105% of the rates for all ages

<u>Disabled</u>	<u>Mortality Table</u>	<u>Adjustments, as Applicable</u>
Members other than Safety Officers	PubNS-2010 Disabled Retiree	99% of the rates for all ages
Safety Officers	PubS-2010 Disabled Retiree	N/A

BURLINGTON SCHOOL DISTRICT RE-6J
KIT CARSON COUNTY, COLORADO

NOTES TO FINANCIAL STATEMENTS

NOTE - 9 DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

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

- Per capita health care costs in effect as of the December 31, 2023, valuation date for those PERACare enrollees under the PERA benefit structure who are expected to be age 65 and older and are not eligible for premium-free Medicare Part A benefits were updated to reflect costs for the 2024 plan year.
- The health care cost trend rates applicable to health care premiums were revised to reflect the 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 date based on an experience analysis of recent data.

The actuarial assumptions used in the December 31, 2023, valuations were based on the 2020 experience analysis, dated October 28, 2020, and November 4, 2020, for the period January 1, 2016, through December 31, 2019. Revised economic and demographic assumptions were adopted by PERA's Board on November 20, 2020.

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 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.

	<u>State Division</u>	<u>School Division</u>	<u>Local Government Division</u>	<u>Judicial Division</u>
Salary increases, including wage inflation:				
Members other than Safety Officers	2.70%-13.30%	4.00%-13.40%	3.40%-13.00%	2.30%-4.70%
Safety Officers	3.20%-16.30%	N/A	3.20%-16.30%	N/A

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

- 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. Note that in all categories, 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 State, School, Local Government, and Judicial Divisions participate in the HCTF.

BURLINGTON SCHOOL DISTRICT RE-6J
KIT CARSON COUNTY, COLORADO

NOTES TO FINANCIAL STATEMENTS

NOTE - 9 DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

<u>Pre-Retirement</u>	<u>Mortality Table</u>	<u>Adjustments, as Applicable</u>
State and Local Government Divisions (members other than Safety Officers)	PubG-2010 Employee	N/A
Safety Officers	PubS-2010 Employee	N/A
School Division	PubT-2010 Employee	N/A
Judicial Division	PubG-2010(A) Above-Median Employee	N/A
<u>Post-Retirement (Retiree), Non-Disabled</u>	<u>Mortality Table</u>	<u>Adjustments, as Applicable</u>
State and Local Government Divisions (members other than Safety Officers)	PubG-2010 Healthy Retiree	<u>Males:</u> 90% of the rates for all ages <u>Females:</u> 85% of the rates prior to age 85/ 105% of the rates age 85 and older
Safety Officers	PubS-2010 Healthy Retiree	N/A
School Division	PubT-2010 Healthy Retiree	<u>Males:</u> 106% of the rates for all ages <u>Females:</u> 86% of the rates prior to age 85/ 115% of the rates age 85 and older
Judicial Division	PubG-2010(A) Above-Median Healthy Retiree	N/A
<u>Post-Retirement (Beneficiary), Non-Disabled</u>	<u>Mortality Table</u>	<u>Adjustments, as Applicable</u>
All Beneficiaries	Pub-2010 Contingent Survivor	<u>Males:</u> 92% of the rates for all ages <u>Females:</u> 100% of the rates for all ages
<u>Disabled</u>	<u>Mortality Table</u>	<u>Adjustments, as Applicable</u>
Members other than Safety Officers	PubNS-2010 Disabled Retiree	95% of the rates for all ages
Safety Officers	PubS-2010 Disabled Retiree	N/A

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'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.

BURLINGTON SCHOOL DISTRICT RE-6J
KIT CARSON COUNTY, COLORADO

NOTES TO FINANCIAL STATEMENTS

NOTE - 9 DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

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

The PERA Board first adopted the 7.25% long-term expected rate of return as of November 18, 2016. Following an asset/liability study, the Board reaffirmed the assumed rate of return at the 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:

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

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

Sensitivity of the Burlington School District RE-6J proportionate share of the net OPEB liability to changes in the Health Care Cost Trend Rates. The following table presents the net OPEB liability using the current health care cost trend rates applicable to the PERA benefit structure, as well as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rates:

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Initial PERACare Medicare trend rate ¹	5.75%	6.75%	7.75%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial MAPD 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 ¹	2.75%	3.75%	4.75%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability	\$166,097	\$170,696	\$175,900

¹For the January 1, 2025, plan year.

Discount rate. The discount rate used to measure the TOL was 7.25%. The basis for the projection of liabilities and the FNP used to determine the discount rate was an actuarial valuation performed as of December 31, 2023, and the financial status of the HCTF as of the current measurement date (December 31, 2024). In addition, the following methods and assumptions were used in the projection of cash flows:

BURLINGTON SCHOOL DISTRICT RE-6J
KIT CARSON COUNTY, COLORADO

NOTES TO FINANCIAL STATEMENTS

NOTE - 9 DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

- 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 3.00%.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Estimated transfers of dollars into the HCTF representing a portion of purchase service agreements intended to cover the costs associated with OPEB benefits.
- Benefit payments and contributions were assumed to be made at the middle of the year.
- As of the December 31, 2024, measurement date, the FNP and related disclosure components for the HCTF reflect additional payments related to the disaffiliation of Tri-County Health 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.

Based on the above assumptions and methods, the FNP for the HCTF was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25% on OPEB plan investments was applied to all periods of projected benefit payments to determine the TOL. The discount rate determination did 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 Burlington School District RE-6J proportionate share of the net OPEB liability to changes in the discount rate. The following table 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 1-percentage-point lower (6.25%) or 1-percentage-point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	\$209,190	\$170,696	\$137,509

OPEB plan fiduciary net position. Detailed information about the HCTF's FNP is available in PERA's ACFR which can be obtained at www.copera.org/forms-resources/financial-reports-and-studies.

NOTE -10 NET POSITION

Restricted net position represents net position whose users are subject to constraints that are either 1.) legally imposed by creditors (such as debt covenants), grantors, or laws or regulations of other governments, or 2.) imposed by law through constitutional provisions or enabling legislation. Restricted net position at June 30, 2025 is as follows:

	Governmental
	<u>Activities</u>
3% Statutory Reserve - TABOR	\$ 339,000
Universal Preschool Program	34,156
Debt Service	<u>2,127,486</u>
	<u>\$ 2,500,642</u>

BURLINGTON SCHOOL DISTRICT RE-6J
KIT CARSON COUNTY, COLORADO

NOTES TO FINANCIAL STATEMENTS

NOTE -10 NET POSITION (Continued)

Restricted for TABOR Reserve – This represents approximately 3% of the District’s 2025 fiscal year spending as that term is defined in the Colorado constitution. Under these provisions of the constitution, this portion of the District’s net position can be used for declared emergencies only and the District must maintain 3% or more of its spending in this restricted account. The District does not believe this restriction meets the definition of a stabilization arrangement under generally accepted accounting principles.

Restricted for Universal Preschool Program – This represents money received from the State of Colorado that is mandated for the Universal Preschool Program. The program provides high quality early education support to children before they are eligible for kindergarten and qualifying 3-year-olds.

Restricted for Debt Service – The District is required to make annual escrow payments of \$296,941 for seventeen years through final maturity in December 2034.

NOTE -11 FUND BALANCES

At June 30, 2025, fund balances for governmental funds consist of the following:

	Restricted Fund Balance				
	Emergencies TABOR	Universal Preschool Program	Future Expenditures		Total
			Food Services	Debt Service	
General Fund	\$ 339,000	\$ 34,156	\$ -	\$ 2,127,486	\$ 2,500,642
Food Services Fund	-	-	-	-	-
Total	\$ 339,000	\$ 34,156	\$ -	\$ 2,127,486	\$ 2,500,642

	Committed and Assigned Fund Balance			
	Committed			Assigned
	Food Services	Student Activities	Capital Projects	Total
Food Services Fund	\$ 241,755	\$ -	\$ -	\$ -
Pupil Activities Fund	-	235,949	-	-
Capital Reserve/Projects Fund	-	-	192,626	-
Total	\$ 241,755	\$ 235,949	\$ 192,626	\$ -

NOTE -12 CONTINGENT LIABILITIES

The District receives revenues from various Federal and State grant programs, which are subject to final review and approval as to allowability by the respective grantor agency. Management believes disallowances, if any, would be immaterial.

NOTE -13 RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of; damage to; and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

Colorado School Districts Self Insurance Pool

For liability and property claims, the District is involved with the Colorado School Districts Self Insurance Pool, a separate and independent governmental and legal entity formed by intergovernmental agreement by member districts. The purposes of the Pool are to provide members defined liability, property, and workers compensation coverage and to assist members to prevent and reduce losses and injuries to property and to persons or property which might result in claims being made against members of the Pool, their employees and officers.

BURLINGTON SCHOOL DISTRICT RE-6J
KIT CARSON COUNTY, COLORADO

NOTES TO FINANCIAL STATEMENTS

NOTE -13 RISK MANAGEMENT (Continued)

It is the intent of the members of the Pool to create an entity in perpetuity which will administer and use funds contributed by the members to defend and indemnify, in accordance with the bylaws, any member of the Pool against stated liability of loss, to the limit of the financial resources of the Pool. It is also the intent of the members to have the Pool provide continuing stability and availability of needed coverage at reasonable costs. All income and assets of the Pool shall be at all times dedicated to the exclusive benefit of its members.

The District is a member of the Colorado School Districts Self Insurance Pool, which operates as a self-insurance pool comprised of various School Districts and other related public educational entities within the State of Colorado. The District pays an annual premium to the Pool for its property and liability insurance.

The Pool is a separate legal entity and the District does not approve budgets nor does it have ability to significantly affect the operations of the Pool.

Other Insurance

For Workers' Compensation, health, accident, and other types of insurance programs maintained by the District, commercial insurance companies are utilized. Settled claims have not exceeded insurance coverage in each of the last three years.

NOTE -14 TAX SPENDING AND DEBT LIMITATIONS

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer's Bill of Rights (TABOR), contains tax, spending, revenue and debt limitations, which apply to the State of Colorado and all local governments.

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service). Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

Spending and revenue limits are determined based on the prior year's Fiscal Year Spending adjusted for allowable increases based upon inflation and local growth. Fiscal Year Spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenue in excess of the Fiscal Year Spending limit must be refunded unless the voters approve retention on such revenue.

The District's management believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits and qualifications as an enterprise will require judicial interpretation. Accordingly, the possibility exists that the District's interpretation of certain TABOR provisions may subsequently be determined to be incorrect.

In November 1992, Colorado voters passed Article X, Section 20, (the Tabor Amendment), to the State Constitution which limits state and local government tax powers and imposes spending limitations. The District is subject to the Amendment. In November 1997, voters within the District passed a ballot issue which allows the District to collect, retain, and expend all revenues collected or received for the 1996-97 fiscal year and each subsequent year thereafter.

NOTE -15 SUBSEQUENT EVENTS

Subsequent events have been evaluated through the report date, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.

REQUIRED SUPPLEMENTARY INFORMATION

BURLINGTON SCHOOL DISTRICT RE-6J
KIT CARSON COUNTY, COLORADO

GENERAL FUND

STATEMENTS OF REVENUES, EXPENDITURES AND FUND BALANCE - BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2025

	ORIGINAL BUDGET	FINAL BUDGET	2025 ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Local sources	\$ 5,262,874	\$ 5,262,874	\$ 5,684,802	\$ 421,928
State sources	5,797,935	5,797,935	5,980,191	182,256
Federal sources	461,462	461,462	430,580	(30,882)
TOTAL REVENUES	11,522,271	11,522,271	12,095,573	573,302
EXPENDITURES				
Instruction				
Salaries	3,730,005	3,730,005	3,290,979	439,026
Supplemental pay & stipends	-	-	338,694	(338,694)
Employee benefits	1,572,989	1,572,989	1,403,814	169,175
Professional services	64,031	64,031	40,358	23,673
Property services	31,000	31,000	4,996	26,004
Other services	477,533	477,533	440,208	37,325
Supplies & materials	219,530	219,530	178,850	40,680
Equipment	35,000	35,000	32,475	2,525
Total Instruction	6,130,088	6,130,088	5,730,374	399,714
Supporting Services:				
Pupil Support Services				
Salaries	289,029	289,029	259,723	29,306
Supplemental pay & stipends	-	-	-	-
Employee benefits	116,402	116,402	93,034	23,368
Professional services	7,534	7,534	7,132	402
Other services	128,584	128,584	128,903	(319)
Supplies & materials	7,000	7,000	5,626	1,374
Equipment	-	-	-	-
Other objects	-	-	-	-
Total Pupil Support Services	548,549	548,549	494,418	54,131
Instructional Staff Services				
Salaries	121,311	121,311	84,851	36,460
Supplemental pay & stipends	-	-	15,920	(15,920)
Employee benefits	63,783	63,783	39,490	24,293
Professional services	430,784	430,784	329,513	101,271
Other services	80,925	80,925	35,748	45,177
Supplies & materials	78,600	78,600	45,462	33,138
Equipment	-	-	-	-
Total Instruction Staff Services	775,403	775,403	550,984	224,419

BURLINGTON SCHOOL DISTRICT RE-6J
KIT CARSON COUNTY, COLORADO

GENERAL FUND

STATEMENTS OF REVENUES, EXPENDITURES AND FUND BALANCE - BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2025

	ORIGINAL BUDGET	FINAL BUDGET	2025 ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
Expenditures (Continued)				
Supporting Services (Continued):				
General Administration				
Salaries	155,400	155,400	155,955	(555)
Supplemental pay & stipends	-	-	7,200	(7,200)
Employee benefits	96,301	96,301	152,617	(56,316)
Professional services	63,500	63,500	65,931	(2,431)
Other services	34,233	34,233	29,223	5,010
Supplies & materials	64,500	64,500	54,484	10,016
Equipment	14,500	14,500	10,366	4,134
Other objects	20,600	20,600	13,345	7,255
Total General Administration	449,034	449,034	489,121	(40,087)
School Administration				
Salaries	367,119	367,119	363,178	3,941
Supplemental pay & stipends	-	-	-	-
Employee benefits	210,775	210,775	163,212	47,563
Other services	9,100	9,100	8,921	179
Supplies & materials	-	-	-	-
Equipment	-	-	-	-
Total School Administration	586,994	586,994	535,311	51,683
Other Business Services				
Salaries	63,300	63,300	62,660	640
Supplemental pay & stipends	-	-	-	-
Employee benefits	40,747	40,747	40,728	19
Professional services	250	250	-	250
Property services	4,000	4,000	556	3,444
Other services	34,151	34,151	30,031	4,120
Supplies & materials	6,800	6,800	768	6,032
Total Other Business Services	149,248	149,248	134,743	14,505
Operations & Maintenance				
Salaries	346,349	346,349	358,998	(12,649)
Supplemental pay & stipends	-	-	-	-
Employee benefits	145,765	145,765	142,140	3,625
Property services	341,500	341,500	328,940	12,560
Other services	184,400	184,400	188,295	(3,895)
Supplies & materials	363,100	363,100	332,668	30,432
Equipment	20,000	20,000	6,211	13,789
Total Operations & Maintenance	1,401,114	1,401,114	1,357,252	43,862

BURLINGTON SCHOOL DISTRICT RE-6J
KIT CARSON COUNTY, COLORADO

GENERAL FUND

STATEMENTS OF REVENUES, EXPENDITURES AND FUND BALANCE - BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2025

	ORIGINAL BUDGET	FINAL BUDGET	2025 ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
Expenditures (Continued)				
Supporting Services (Continued):				
Transportation				
Salaries	179,520	179,520	124,097	55,423
Supplemental pay & stipends	-	-	37,111	(37,111)
Employee benefits	70,533	70,533	50,722	19,811
Professional services	1,850	1,850	825	1,025
Property services	94,250	94,250	86,835	7,415
Other services	24,000	24,000	21,096	2,904
Supplies & materials	118,500	118,500	97,863	20,637
Equipment	5,000	5,000	1,469	3,531
Total Transportation	493,653	493,653	420,018	73,635
Central Services				
Salaries	106,900	106,900	107,560	(660)
Employee benefits	77,448	77,448	77,096	352
Professional services	118,100	118,100	108,515	9,585
Property services	15,000	15,000	2,424	12,576
Other services	99,350	99,350	69,998	29,352
Supplies & materials	28,100	28,100	14,069	14,031
Equipment	55,000	55,000	50,352	4,648
Total Central Services	499,898	499,898	430,014	69,884
Total Support Services	4,903,893	4,903,893	4,411,861	492,032
Capital Outlay	-	-	153,000	(153,000)
Debt Service	488,290	488,290	96,921	391,369
Appropriated Reserves	-	-	-	-
TOTAL EXPENDITURES	11,522,271	11,522,271	10,392,156	1,130,115
REVENUES OVER (UNDER) EXPENDITURES	-	-	1,703,417	1,703,417
OTHER FINANCING SOURCES				
Transfers out	-	-	-	-
NET CHANGE IN FUND BALANCE	-	-	1,703,417	1,703,417
FUND BALANCE JULY 1	8,377,533	8,377,533	8,377,533	-
FUND BALANCE JUNE 30	\$ 8,377,533	\$ 8,377,533	\$ 10,080,950	\$ 1,703,417

BURLINGTON SCHOOL DISTRICT RE-6J
KIT CARSON COUNTY, COLORADO

FOOD SERVICES FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2025

	ORIGINAL BUDGET	FINAL BUDGET	2025 ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Meal charges				
Students and faculty	\$ 1,980	\$ 1,980	\$ 515	\$ (1,465)
Special events	-	-	1,872	1,872
Miscellaneous	-	-	16,398	16,398
State reimbursement	134,600	134,600	67,269	(67,331)
Federal reimbursement	671,300	671,300	695,382	24,082
TOTAL REVENUES	807,880	807,880	781,436	(26,444)
EXPENDITURES				
Salaries	125,137	125,137	122,818	2,319
Employee benefits	75,568	75,568	74,635	933
Food purchases	332,300	332,300	344,415	(12,115)
Supplies & materials	17,500	17,500	17,416	84
Commodities	34,000	34,000	33,969	31
Equipment	406,884	406,884	4,744	402,140
Repairs & maintenance	5,000	5,000	1,969	3,031
Capital outlay	-	-	316,472	(316,472)
Appropriated reserves	-	-	-	-
TOTAL EXPENDITURES	996,389	996,389	916,438	79,951
REVENUES OVER (UNDER) EXPENDITURES	(188,509)	(188,509)	(135,002)	53,507
OTHER FINANCING SOURCES				
Transfer in (out)	-	-	-	-
NET CHANGE IN FUND BALANCE	(188,509)	(188,509)	(135,002)	53,507
FUND BALANCE JULY 1	381,359	381,359	381,359	-
FUND BALANCE JUNE 30	\$ 192,850	\$ 192,850	\$ 246,357	\$ 53,507

BURLINGTON SCHOOL DISTRICT RE-6J
KIT CARSON COUNTY, COLORADO

PUPIL ACTIVITIES FUND

STATEMENTS OF REVENUES, EXPENDITURES AND FUND BALANCE - BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2025

	ORIGINAL BUDGET	FINAL BUDGET	2025 ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Student activities	\$ 500,000	\$ 500,000	\$ 436,167	\$ (63,833)
EXPENDITURES				
Student activities	500,000	500,000	446,076	53,924
Appropriated reserves	-	-	-	-
TOTAL EXPENDITURES	500,000	500,000	446,076	53,924
NET CHANGE IN FUND BALANCE	-	-	(9,909)	(9,909)
FUND BALANCE JULY 1	245,858	245,858	245,858	-
FUND BALANCE JUNE 30	\$ 245,858	\$ 245,858	\$ 235,949	\$ (9,909)

BURLINGTON SCHOOL DISTRICT RE-6J
KIT CARSON COUNTY, COLORADO

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE - SCHOOL DIVISION TRUST FUND

DEFINED BENEFIT PENSION PLAN

FOR THE LAST 10 FISCAL YEARS

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Plan Measurement Date	12/31/2024	12/31/2023	12/31/2022	12/31/2021	12/31/2020	12/31/2019	12/31/2018	12/31/2017	12/31/2016	12/31/2015
District's proportion of the net pension liability	0.055755%	0.059371%	0.050266%	0.060225%	0.061480%	0.054761%	0.056678%	0.066023%	0.069547%	0.071267%
District's proportionate share of the net pension liability	\$ 9,620,541	\$ 10,498,837	\$ 9,153,092	\$ 7,008,659	\$ 9,294,548	\$ 8,181,166	\$ 10,036,042	\$ 21,349,467	\$ 20,706,852	\$ 10,899,714
State's Proportionate Share of the net pension liability	78,864	17,540	227,452	85,779	-	920,875	847,660	-	-	-
	<u>\$ 9,699,405</u>	<u>\$ 10,516,377</u>	<u>\$ 9,380,544</u>	<u>\$ 7,094,438</u>	<u>\$ 9,294,548</u>	<u>\$ 9,102,041</u>	<u>\$ 10,883,702</u>	<u>\$ 21,349,467</u>	<u>\$ 20,706,852</u>	<u>\$ 10,899,714</u>
District's covered payroll	\$ 4,308,480	\$ 3,924,964	\$ 3,890,475	\$ 4,168,960	\$ 3,724,333	\$ 3,197,343	\$ 3,115,907	\$ 3,045,293	\$ 3,121,395	\$ 3,105,782
District's proportionate share of the net pension liability as a percentage of its covered payroll	223.29%	267.49%	235.27%	168.12%	249.56%	255.87%	322.09%	701.06%	663.38%	350.95%
Plan fiduciary net position as a percentage of the total pension liability	67.17%	64.74%	61.79%	74.86%	66.99%	64.52%	57.01%	43.96%	43.13%	59.16%

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

The schedule is presented to show information for ten years. Until information for the full ten-year period is available, information will be presented for the years it is available.

BURLINGTON SCHOOL DISTRICT RE-6J
KIT CARSON COUNTY, COLORADO

SCHEDULE OF DISTRICT CONTRIBUTIONS - SCHOOL DIVISION TRUST FUND

DEFINED BENEFIT PENSION PLAN

FOR THE LAST 10 FISCAL YEARS

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 951,893	\$ 819,832	\$ 780,543	\$ 749,391	\$ 740,398	\$ 619,645	\$ 596,073	\$ 567,338	\$ 565,909	\$ 538,232
Contributions in relation to the contractually required contribution	<u>(951,893)</u>	<u>(819,832)</u>	<u>(780,543)</u>	<u>(749,391)</u>	<u>(740,398)</u>	<u>(619,645)</u>	<u>(596,073)</u>	<u>(567,338)</u>	<u>(565,909)</u>	<u>(538,232)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 4,670,707	\$ 4,022,722	\$ 3,829,939	\$ 3,769,566	\$ 3,724,333	\$ 3,197,343	\$ 3,115,907	\$ 3,045,293	\$ 3,121,395	\$ 3,105,782
Contributions as a percentage of covered payroll	20.38%	20.38%	20.38%	19.88%	19.88%	19.38%	19.13%	18.63%	18.13%	17.33%

The amounts presented for each fiscal year were determined as of June 30.

The schedule is presented to show information for ten years. Until information for the full ten year period is available, information will be presented for the years it is available.

BURLINGTON SCHOOL DISTRICT RE-6J
KIT CARSON COUNTY, COLORADO

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE - HEALTH CARE TRUST FUND

DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN

FOR THE LAST 10 FISCAL YEARS

	2025	2024	2023	2022	2021	2020	2019	2018	2017
Plan Measurement Date	12/31/2024	12/31/2023	12/31/2022	12/31/2021	12/31/2020	12/31/2019	12/31/2018	12/31/2017	12/31/2016
District's proportion of the net OPEB liability	0.035698%	0.035519%	0.038236%	0.039323%	0.035560%	0.035792%	0.036839%	0.037473%	0.039531%
District's proportionate share of the net OPEB liability	170,696	253,505	312,190	339,081	337,897	402,302	501,205	487,005	512,538
District's covered payroll	4,308,480	3,924,964	3,890,475	4,168,960	3,724,333	3,197,343	3,115,907	3,045,293	3,121,395
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	3.96%	6.46%	8.02%	8.13%	9.07%	12.58%	16.09%	15.99%	16.42%
Plan fiduciary net position as a percentage of the total OPEB liability	59.83%	46.16%	38.57%	39.40%	32.78%	24.49%	17.03%	17.53%	16.72%

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

The schedule is presented to show information for ten years. Until information for the full ten-year period is available, information will be presented for the years it is available.

BURLINGTON SCHOOL DISTRICT RE-6J
KIT CARSON COUNTY, COLORADO

SCHEDULE OF DISTRICT CONTRIBUTIONS - HEALTH CARE TRUST FUND

DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN

FOR THE LAST 10 FISCAL YEARS

	2024	2023	2022	2021	2020	2019	2018	2017
Statutorily required contribution	\$ 47,641	\$ 39,065	\$ 38,450	\$ 37,988	\$ 32,826	\$ 31,782	\$ 31,062	\$ 31,838
Contributions in relation to the statutorily required contribution	(47,641)	(39,065)	(38,450)	(37,988)	(32,826)	(31,782)	(31,062)	(31,838)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 4,670,707	\$ 3,829,939	\$ 3,769,566	\$ 3,724,333	\$ 3,218,235	\$ 3,115,907	\$ 3,045,293	\$ 3,121,395
Contributions as a percentage of covered payroll	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%

The amounts presented for each fiscal year were determined as of June 30.

The schedule is presented to show information for ten years. Until information for the full ten year period is available, information will be presented for the years it is available.

BURLINGTON SCHOOL DISTRICT RE-6J
KIT CARSON COUNTY COLORADO

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION

NOTE -1 BUDGETS AND BUDGETARY ACCOUNTING

Budgets are required by state law for all funds. At least thirty days prior to July 1, the Superintendent submits to the Board of Education a proposed budget for all funds for the fiscal year commencing the following July 1. The budget includes proposed expenditures and means of financing them.

Public hearings are conducted by the Board of Education to obtain taxpayer comments. The budget must be adopted by formal resolution prior to June 30, although it may be subsequently revised by January 31 of the following year.

Expenditures may not legally exceed appropriations at the fund level. Authorization to transfer budgeted amounts between departments, within any fund and the reallocation of budget line items within any department or within any fund rests with the Superintendent of Schools. Revisions that alter the total expenditures of any fund must be approved by the Board of Education.

Budgeted amounts reported in the accompanying financial statements are as originally adopted and as amended by the Board of Education throughout the fiscal year. Appropriations are based on total resources expected to be available in each budget year, including reserves as established by the Board of Education. Variances between budget and actual expenditures result from non-expenditure of reserves, nonoccurrence of anticipated events, scheduling of capital projects and normal operating variances.

NOTE-2 DEFINED BENEFIT PENSION PLAN

Significant Changes in Plan Provisions Affecting Trends in Actuarial Information 2024 Changes in Plan Provisions Since 2023

- There were no changes made to the plan provisions.

Significant Changes in Assumptions or Other Inputs Affecting Trends in Actuarial Information 2024 Changes in Assumptions or Other Inputs Since 2023

- 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 increased from 0.40% to 0.45%.

NOTE-3 DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN

Significant Changes in Plan Provisions Affecting Trends in Actuarial Information 2024 Changes in Plan Provisions Since 2023

- As of the December 31, 2024, measurement date, the FNP 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.

Significant Changes in Assumptions or Other Inputs Affecting Trends in Actuarial Information 2023 Changes in Assumptions or Other Inputs Since 2022

- 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.

SUPPLEMENTARY INFORMATION

MAJOR GOVERNMENTAL FUNDS

GENERAL FUND

General Fund – The general fund is the general operating fund of the District; used to account for all resources that are not legally or by sound financial management to be accounted for in another fund.

SPECIAL REVENUE FUNDS

Food Services Fund – This fund is used to account for all food service activities related to serving student meals. Revenues include federal and state grants and food sales.

Pupil Activities Fund – This fund is used to account for the various activities of student groups. These activities are supported in whole or in part by revenues from pupils and other fund-raising activities.

CAPITAL PROJECTS FUNDS

Capital Reserve Capital Projects Fund – This fund is authorized by Colorado School Law and is used to fund ongoing capital needs such as site acquisition, building additions and equipment purchases. Revenues include transfers from general fund, debt proceeds, and sale of fixed assets, as applicable.

BURLINGTON SCHOOL DISTRICT RE-6J
KIT CARSON COUNTY, COLORADO

GENERAL FUND

BALANCE SHEET

JUNE 30, 2025 AND 2024

	2025	2024
ASSETS		
Cash and cash equivalents	\$ 2,550,172	\$ 927,291
Investments	6,134,208	5,943,386
Restricted cash	2,127,486	1,809,255
Cash with fiscal agent	175,166	385,629
Accounts receivable	-	1,418
Taxes receivable	186,000	182,700
Grants receivable	-	-
	\$ 11,173,032	\$ 9,249,679
LIABILITIES		
Accounts payable	\$ 7,220	\$ 7,126
Accrued salaries and benefits	898,862	682,320
Unearned revenue	-	-
	906,082	689,446
DEFERRED INFLOWS OF RESOURCES		
Deferred revenue - property taxes	186,000	182,700
FUND BALANCE		
Restricted for:		
Debt service	2,127,486	1,809,255
3% statutory reserve - TABOR	339,000	274,000
Universal Preschool Program	34,156	8,724
Unassigned	7,580,308	6,285,554
	10,080,950	8,377,533
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE	\$ 11,173,032	\$ 9,249,679

BURLINGTON SCHOOL DISTRICT RE-6J
KIT CARSON COUNTY, COLORADO

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND FUND BALANCE

YEARS ENDED JUNE 30, 2025 AND 2024

	2025	2024
REVENUES		
Local sources	\$ 5,684,802	\$ 5,207,710
State sources	5,980,191	5,576,729
Federal sources	430,580	405,770
	12,095,573	11,190,209
TOTAL REVENUES		
EXPENDITURES		
Instruction	5,730,374	4,797,159
Supporting services		
Pupil support services	494,418	435,327
Instructional staff services	550,984	492,706
General administration	489,121	368,457
School administration	535,311	489,009
Other business services	134,743	113,430
Operations and maintenance	1,357,252	1,132,324
Transportation	420,018	421,932
Central services	430,014	469,903
Capital outlay	153,000	132,095
Debt service	96,921	96,921
	10,392,156	8,949,263
TOTAL EXPENDITURES		
REVENUES OVER (UNDER) EXPENDITURES	1,703,417	2,240,946
OTHER FINANCING SOURCES (USES)		
Transfers out	-	(410,187)
	-	(410,187)
TOTAL OTHER FINANCING SOURCES (USES)		
NET CHANGE IN FUND BALANCE	1,703,417	1,830,759
FUND BALANCE JULY 1	8,377,533	6,546,774
	\$ 10,080,950	\$ 8,377,533
FUND BALANCE JUNE 30		

BURLINGTON SCHOOL DISTRICT RE-6J
KIT CARSON COUNTY, COLORADO

FOOD SERVICES FUND

BALANCE SHEET

JUNE 30, 2025 AND 2024

	2025	2024
ASSETS		
Cash and cash equivalents	\$ 224,328	\$ 346,276
Accounts receivable	-	-
Grants receivable	49,159	51,150
Inventory	4,602	6,733
	<hr/>	<hr/>
TOTAL ASSETS	\$ 278,089	\$ 404,159
	<hr/> <hr/>	<hr/> <hr/>
LIABILITIES		
Accounts payable	\$ -	\$ -
Accrued salaries and benefits	31,732	22,800
	<hr/>	<hr/>
TOTAL LIABILITIES	31,732	22,800
	<hr/>	<hr/>
FUND BALANCE		
Nonspendable	4,602	6,733
Committed	241,755	374,626
	<hr/>	<hr/>
TOTAL FUND BALANCE	246,357	381,359
	<hr/>	<hr/>
TOTAL LIABILITIES AND FUND BALANCE	\$ 278,089	\$ 404,159
	<hr/> <hr/>	<hr/> <hr/>

BURLINGTON SCHOOL DISTRICT RE-6J
KIT CARSON COUNTY, COLORADO

FOOD SERVICES FUND

STATEMENT OF REVENUES, EXPENDITURES AND FUND BALANCE

YEARS ENDED JUNE 30, 2025 AND 2024

	2025	2024
REVENUES		
Local sources	\$ 18,785	\$ 317
State sources	67,269	133,869
Federal sources	695,382	476,326
	<hr/>	<hr/>
TOTAL REVENUES	781,436	610,512
	<hr/>	<hr/>
EXPENDITURES		
Salaries	122,818	105,201
Employee benefits	74,635	66,102
Food purchases	344,415	315,836
Supplies & materials	17,416	24,169
Commodities	33,969	29,877
Equipment	4,744	14,939
Repairs & maintenance	1,969	2,230
Capital outlay	316,472	-
	<hr/>	<hr/>
TOTAL EXPENDITURES	916,438	558,354
	<hr/>	<hr/>
NET CHANGE IN FUND BALANCE	(135,002)	52,158
FUND BALANCE JULY 1	381,359	329,201
	<hr/>	<hr/>
FUND BALANCE JUNE 30	\$ 246,357	\$ 381,359
	<hr/> <hr/>	<hr/> <hr/>

BURLINGTON SCHOOL DISTRICT RE-6J
KIT CARSON COUNTY, COLORADO

PUPIL ACTIVITIES FUND

BALANCE SHEET

JUNE 30, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
ASSETS		
Cash and cash equivalents	\$ 235,949	\$ 245,858
LIABILITIES		
Accounts payable	\$ -	\$ -
FUND BALANCE		
Committed	<u>235,949</u>	<u>245,858</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 235,949</u>	<u>\$ 245,858</u>

BURLINGTON SCHOOL DISTRICT RE-6J
KIT CARSON COUNTY, COLORADO

PUPIL ACTIVITIES FUND

STATEMENT OF REVENUES, EXPENDITURES AND FUND BALANCE

YEARS ENDED JUNE 30, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
REVENUES		
Local sources:		
Student activities	\$ 436,167	\$ 434,483
EXPENDITURES		
Student activities	<u>446,076</u>	<u>395,606</u>
NET CHANGE IN FUND BALANCE	(9,909)	38,877
FUND BALANCE JULY 1	<u>245,858</u>	<u>206,981</u>
FUND BALANCE JUNE 30	<u><u>\$ 235,949</u></u>	<u><u>\$ 245,858</u></u>

BURLINGTON SCHOOL DISTRICT RE-6J
KIT CARSON COUNTY, COLORADO

CAPITAL RESERVE CAPITAL PROJECTS FUND

BALANCE SHEET

JUNE 30, 2025 AND 2024

	2025	2024
ASSETS		
Cash and cash equivalents	\$ 116,276	\$ 535,543
Grants receivable	76,350	283,463
TOTAL ASSETS	<u>\$ 192,626</u>	<u>\$ 819,006</u>
LIABILITIES		
Accounts payable	\$ -	\$ 235,785
TOTAL LIABILITIES	<u>-</u>	<u>235,785</u>
FUND BALANCE		
Committed	192,626	583,221
TOTAL FUND BALANCE	<u>192,626</u>	<u>583,221</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 192,626</u>	<u>\$ 819,006</u>

BURLINGTON SCHOOL DISTRICT RE-6J
KIT CARSON COUNTY, COLORADO

CAPITAL RESERVE CAPITAL PROJECTS FUND

STATEMENTS OF REVENUES, EXPENDITURES AND FUND BALANCE - BUDGET AND ACTUAL

YEARS ENDED JUNE 30, 2025 AND 2024

	ORIGINAL BUDGET	FINAL BUDGET	2025 ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	2024 ACTUAL
REVENUES					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	475,708	475,708	293,185	(182,523)	100,311
Federal sources	691,000	691,000	468,516	(222,484)	406,165
TOTAL REVENUES	1,166,708	1,166,708	761,701	(405,007)	506,476
EXPENDITURES					
Major repairs	-	-	-	-	-
Capital outlay	1,466,708	1,466,708	1,152,296	314,412	506,476
Appropriated reserves	-	-	-	-	-
TOTAL EXPENDITURES	1,466,708	1,466,708	1,152,296	314,412	506,476
REVENUES OVER (UNDER) EXPENDITURES	(300,000)	(300,000)	(390,595)	(90,595)	-
OTHER FINANCING SOURCES					
Transfers in	-	-	-	-	410,187
Transfers out	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES	-	-	-	-	410,187
NET CHANGE IN FUND BALANCE	(300,000)	(300,000)	(390,595)	(90,595)	410,187
FUND BALANCE - BEGINNING	583,221	583,221	583,221	-	173,034
FUND BALANCE - ENDING	\$ 283,221	\$ 283,221	\$ 192,626	\$ (90,595)	\$ 583,221

SINGLE AUDIT SECTION

BURLINGTON SCHOOL DISTRICT RE-6J
KIT CARSON COUNTY, COLORADO

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2025

PROGRAM TITLE	Federal ALN Number	Pass- Through Entity Identifying Number	Passed through to Sub- recipients	Expenditures
U.S. DEPARTMENT OF EDUCATION				
Education Stabilization Fund				
Passed Through Colorado Department of Education:				
COVID-19 Education Stabilization Fund	84.425U	4414		\$ 468,516
COVID-19 Education Stabilization Fund	84.425U	9414		9,953
Total Education Stabilization Fund				<u>478,469</u>
Rural Education	84.358	-		<u>23,430</u>
Passed Through Colorado Department of Education:				
Title I Grants to Local Educational Agencies (Title I, Part A of the ESEA)	84.010	4010		161,023
Title I Grants to Local Educational Agencies (Title I, Part A of the ESEA)	84.010	5010		109,000
Title I Grants to Local Educational Agencies (Title I, Part C of the ESSA)	84.011	4011		193
Total Title I Grants to Local Educational Agencies				<u>270,216</u>
English Language Acquisition (Title III, Part A for the ESSA)	84.365A	4365		9,200
English Language Acquisition Set Aside: (Title III, Part A for the ESSA)	84.365A	7365		525
Total English Language Acquisition (Title III, Part A for the ESSA)				<u>9,725</u>
Teacher & Principal Training & Recruiting Fund (Title II, Part A for ESSA)	84.367	4367		<u>200</u>
ESSA, Title IV-A: Student Support and Academic Enrichment Grants	84.424A	4424		13,081
Stronger Connections Grant Program	84.424F	4451		94,175
Total Student Support and Academic Enrichment Program				<u>107,256</u>
Passed Through Colorado Community College System Career and Technical Education -- Basic Grants to States (Perkins V)	84.048	5048		<u>7,800</u>
Total U.S. Department of Education				<u>897,096</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed Through Colorado Department of Education:				
Cooperative Agreement for Emergency Response: CDC Nursing Workforce	93.354	7354		<u>2,000</u>
Total U.S. Department of Health and Human Services				<u>2,000</u>

* Represents those programs that are considered to be clusters of programs.

BURLINGTON SCHOOL DISTRICT RE-6J
KIT CARSON COUNTY, COLORADO

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2025

PROGRAM TITLE	Federal ALN Number	Pass- Through Entity Identifying Number	Passed through to Sub- recipients	Expenditures
U.S. DEPARTMENT OF AGRICULTURE				
Child Nutrition Cluster				
Passed Through Colorado Department of Human Services:				
USDA Donated Commodities	* 10.555	4555		33,969
Passed Through Colorado Department of Education:				
National School Lunch Program	* 10.555	5555		351,203
School Breakfast Program	* 10.553	5553		<u>165,653</u>
Total Child Nutrition Cluster				550,825
Other Programs				
Child Nutrition Discretionary Grants Limited Availability	10.579	-		<u>144,557</u>
Total U.S. Department of Agriculture				<u>695,382</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS				<u><u>\$ 1,594,478</u></u>

* Represents those programs that are considered to be clusters of programs.

BURLINGTON SCHOOL DISTRICT RE-6J
KIT CARSON COUNTY COLORADO

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE -1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Burlington School District RE-6J under programs of the federal government for the year ended June 30, 2025. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Because the schedule presents only a selected portion of the operations of the Burlington School District RE-6J, it is not intended to and does not present the financial position, or changes in net position of the Burlington School District RE-6J.

NOTE -2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of, the financial statements of the federal program. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE -3 INDIRECT COST RATES

The Burlington School District RE-6J has elected to not use the 15-percent of the 10-percent de minimis indirect cost rate as allowed under Uniform Guidance. All grants have been received from the Colorado Department of Education (CDE). CDE calculates an allowable indirect cost rate for individual sub-recipients and mandates that the rate be used as the maximum for the recovery of indirect cost. The Burlington School District RE-6J has recovered indirect cost from grant funds at an amount no greater than that allowed by CDE.

NOTE -4 NONCASH PROGRAMS

Commodities donated to the Burlington School District RE-6J by the U.S. Department of Agriculture (USDA) of \$33,969 are reported in the schedule at the fair market value of commodities received. These are shown as part of the Child Nutrition Cluster as USDA Donated Commodities (10.555).

NOTE -5 SUB-RECIPIENTS

No payments were made to sub-recipients in the fiscal year ended June 30, 2025.

HANCOCK FROESE & COMPANY LLC

CERTIFIED PUBLIC ACCOUNTANTS

P.O. BOX 669

ROCKY FORD, COLORADO 81067

Patrick A. Hancock CPA 719-688-0812

Andrew H. Froese CPA 719-980-1962

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Education
Burlington School District RE-6J
Burlington, Colorado

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, and each major fund, of Burlington School District RE-6J, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Burlington School District RE-6J's basic financial statements, and have issued our report thereon dated December 17, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Burlington School District RE-6J's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Burlington School District RE-6J's internal control. Accordingly, we do not express an opinion on the effectiveness of Burlington School District RE-6J's internal control.

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Burlington School District RE-6J's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

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



Hancock Froese & Company LLC

Rocky Ford, Colorado

December 17, 2025

HANCOCK FROESE & COMPANY LLC

CERTIFIED PUBLIC ACCOUNTANTS

P.O. BOX 669

ROCKY FORD, COLORADO 81067

Patrick A. Hancock CPA 719-688-0812

Andrew H. Froese CPA 719-980-1962

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Education
Burlington School District RE-6J
Burlington, Colorado

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Burlington School District RE-6J's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Burlington School District RE-6J's major federal programs for the year ended June 30, 2025. Burlington School District RE-6J's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Burlington School District RE-6J complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of Burlington School District RE-6J and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Burlington School District RE-6J's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Burlington School District RE-6J's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Burlington School District RE-6J's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Burlington School District RE-6J's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Burlington School District RE-6J's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Burlington School District RE-6J's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Burlington School District RE-6J's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

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

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

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



Hancock Froese & Company LLC

Rocky Ford, Colorado
December 17, 2025

BURLINGTON SCHOOL DISTRICT RE-6J
KIT CARSON COUNTY COLORADO

SCHEDULE OF FINDINGS AND QUESTIONS COSTS
FOR THE YEAR ENDED JUNE 30, 2025

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued Unmodified

Internal control over financial reporting as reported in the INDEPENDENT AUDITORS’ REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*:

- Material weakness(es) identified? ___ yes no
- Significant deficiency(ies) identified that are not considered to be material weaknesses? ___yes no

Noncompliance material to financial statements noted ___yes no

Federal Awards

Internal control over major programs as reported in the INDEPENDENT AUDITORS’ REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE:

- Material weakness(es) identified? ___ yes no
- Significant deficiency(ies) identified that are not considered to be material weaknesses? ___yes no

Type of auditor’s report issued on compliance for major program: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a) ___yes no

Identification of major programs:

ALN(s)	Name of Federal Program or Cluster
84.425U	COVID-19 Education Stabilization Fund

Dollar threshold used to distinguish between type A and type B programs \$750,000

Auditee qualified as low-risk auditee _X_ yes ___ no

Section II – Financial Statement Findings

Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards*.

Section III – Findings and Questioned Costs – Major Federal Programs

Our audit did not disclose any matters required to be reported in accordance with 2 CFR 200.516(a).

Section IV – Prior Year Findings

There were no findings in the prior year that were required to be reported.

**COLORADO DEPARTMENT OF EDUCATION AUDITORS' ELECTRONIC FINANCIAL
DATA INTEGRITY CHECK FIGURES**



Colorado Department of Education

Auditors Integrity Report

District: 1500 - Burlington RE-6J

Fiscal Year 2024-25

Colorado School District/BOCES

Revenues, Expenditures, & Fund Balance by Fund

Fund Type & Number	Beg Fund Balance & Prior Per Adj (6880*)	1000 - 5999 Total Revenues & Other Sources	0001-0999 Total Expenditures & Other Uses	6700-6799 & Prior Per Adj (6880*) Ending Fund Balance
Governmental	+		-	=
10 General Fund	8,377,534	12,095,573	10,392,156	10,080,951
18 Risk Mgmt Sub-Fund of General Fund	0	0	0	0
19 Colorado Preschool Program Fund	0	0	0	0
Sub- Total	8,377,534	12,095,573	10,392,156	10,080,951
11 Charter School Fund	0	0	0	0
20,26-29 Special Revenue Fund	0	0	0	0
06 Supplemental Cap Const, Tech, Main. Fund	0	0	0	0
07 Total Program Reserve Fund	0	0	0	0
21 Food Service Spec Revenue Fund	381,359	781,436	916,439	246,356
22 Govt Designated-Purpose Grants Fund	0	0	0	0
23 Pupil Activity Special Revenue Fund	245,858	436,167	446,076	235,949
25 Transportation Fund	0	0	0	0
31 Bond Redemption Fund	0	0	0	0
39 Certificate of Participation (COP) Debt Service Fund	0	0	0	0
41 Building Fund	0	0	0	0
42 Special Building Fund	0	0	0	0
43 Capital Reserve Capital Projects Fund	583,221	761,701	1,152,296	192,626
46 Supplemental Cap Const, Tech, Main Fund	0	0	0	0
Totals	9,587,972	14,074,877	12,906,966	10,755,883
Proprietary				
50 Other Enterprise Funds	0	0	0	0
64 (63) Risk-Related Activity Fund	0	0	0	0
60,65-69 Other Internal Service Funds	0	0	0	0
Totals	0	0	0	0
Fiduciary				
70 Other Trust and Agency Funds	0	0	0	0
72 Private Purpose Trust Fund	0	0	0	0
73 Agency Fund	0	0	0	0
74 Pupil Activity Agency Fund	0	0	0	0
79 GASB 34:Permanent Fund	0	0	0	0
85 Foundations	0	0	0	0
Totals	0	0	0	0

FINAL