

***Frenchman School District RE-3***  
**Fleming, Colorado**

**Financial Statements**

**For the Year Ended June 30, 2025**

**Table of Contents**

	<u>Page</u>
Independent Auditors' Report	1-3
Management's Discussion and Analysis	4-9
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Position	12
Statement of Activities	14-15
Fund Financial Statements	
Balance Sheet – Governmental Funds	16
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	17
Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds	18
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	19
Notes to Financial Statements	20-54
Required Supplementary Information	
Budgetary Comparison Schedule – General Fund	56
Schedule of the Districts' Proportionate Share of the Net Pension Liability – PERA's School Division Trust Fund	58-59
Schedule of District Contributions – PERA's School Division Trust Fund	60-61
Schedule of the District's Proportionate Share of the Net OPEB Liability – PERA's Health Care Trust Fund	62-63
Schedule of District Contributions – PERA's Health Care Trust Fund	64-65
Notes to the Required Supplementary Information	66
Other Supplementary Information	
General Fund	
Budgetary Comparison Schedule – Revenues	70
Budgetary Comparison Schedule – Expenditures	72-74
Combining Statements and Budgetary Comparison Schedules – Nonmajor Governmental Funds	
Combining Balance Sheet	76
Combining Statement of Revenues, Expenditures and Changes in Fund Balance	77
Budgetary Comparison Schedule – Food Service Fund	78
Budgetary Comparison Schedule – Pupil Activity Fund	79

**Table of Contents**

	<u>Page</u>
Colorado Department of Education Supplementary Schedule	
Auditors' Integrity Report	82

## **Independent Auditors' Report**

Board of Education  
Frenchman School District RE-3  
Fleming, Colorado

### **Opinions**

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Frenchman School District RE-3 (the District), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

### **Basis for Opinions**

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

### **Change in Accounting Principle**

As described in Note N to the financial statements, in the year ended June 30, 2025, the District adopted new accounting guidance, GASB Statement No. 101, Compensated Absences. Our opinion is not modified with respect to this matter.

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

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

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

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

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

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

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

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

### **Required Supplementary Information**

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

### **Other Supplementary Information**

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

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

Sterling, Colorado  
December 3, 2025

**FRENCHMAN SCHOOL DISTRICT RE-3  
Management Discussion and Analysis  
For Fiscal Year Ended June 30, 2025**

---

This section of Frenchman School District RE-3 annual financial report presents its discussion and analysis of the District's financial performance during the year ended June 30, 2025.

**Financial Highlights**

- The assets of the Frenchman School District RE-3 exceeded its liabilities at the close of the most recent fiscal year. Our net position as of June 30, 2025 is \$1,918,700.
- The district's total net position increased by \$144,418.
- General revenues accounted for \$3,938,347 or 82% of the \$4,794,628 in total revenues. Program specific revenues in the form of charges for services, sales, and grants accounted for \$856,281 or 18% of revenues.
- The general fund ending fund balance reached \$2,517,311. This was a decrease of \$11,738 from last year.

**Overview of Financial Statements**

The discussion and analysis is intended to serve as an introduction to the School District's basic financial statements. A comparison to the prior year's activity is normally provided in the document. The basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements and, 3) notes to the financial statements. This report also contains required supplementary information in addition to the basic financial statements.

**Government-wide Statements**

The Government-wide financial statements are designed to provide readers with information about the School District as a whole using accounting methods similar to those used by private-sector businesses.

The statement of net position includes all of the School District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the School District is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes.). In the government-wide financial statements, the School District's activities include the following:

- **Governmental activities:** Most of the School District's basic services are included here, such as instruction, transportation, maintenance, operations, food service, and pupil activities. Taxes and intergovernmental revenues principally support these activities.

## **Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The fund financial statements provide more detailed information about the School District's operations, focusing on the most significant or "major" funds, not the School District as a whole. The School District has one kind of fund: governmental funds.

## **Governmental Funds**

Most of the District's basic services are included in the governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps determine the status of financial resources that can be spent in the near future to finance the School District's program.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. Thus, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and change in fund balances provide reconciliation to the government-wide financial statements in order to facilitate this comparison between governmental funds and governmental activities.

The School District maintains three individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenue, expenditures and change in fund balances for the General Fund, which is considered to be a major fund. Data for the other two governmental funds are combined in a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The basic governmental fund financial statements can be found on pages 16-19 of this report.

## **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. The notes to the financial statements may be found on pages 20-54 of this report.

**Other information**

In addition to the basic financial statements, this report also presents other supplementary information concerning the School District’s annual appropriated budgets with comparison statements that demonstrate compliance with budgets. Budgeted amounts may be found on pages 70-79.

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

As noted earlier, net position may serve over time as a useful indicator of the School District’s financial position.

50% of the School District’s assets are capital assets (e.g., land, buildings and equipment). The school District uses these assets to provide instruction and related services to its students.

The following table provides a summary of the district’s net position as of June 30, 2025.

	Governmental Activities		Total Percentage Change
	2025	2024	2024-2025
Current and Other assets	\$3,049,946	\$3,168,753	-3.75%
Capital assets	3,060,034	2,896,764	5.64%
<b>Total assets</b>	<b>6,109,980</b>	<b>6,065,517</b>	<b>0.73%</b>
<b>Deferred outflows of resources</b>	<b>849,279</b>	<b>1,090,635</b>	<b>-22.13%</b>
<b>Total assets and deferred outflows of resources</b>	<b>\$6,959,259</b>	<b>\$7,156,152</b>	<b>-2.75%</b>
Long term liabilities	\$4,491,518	\$4,522,456	-0.68%
Other liabilities	370,596	458,600	-19.19%
<b>Total liabilities</b>	<b>4,862,114</b>	<b>4,981,056</b>	<b>-2.39%</b>
<b>Deferred inflows of resources</b>	<b>178,445</b>	<b>335,052</b>	<b>-46.74%</b>
Net investment in capital assets	3,060,034	2,896,764	5.64%
Restricted	341,322	334,608	2.01%
Unrestricted	(1,482,656)	(1,391,328)	6.56%
<b>Total net position</b>	<b>1,918,700</b>	<b>1,840,044</b>	<b>4.27%</b>
<b>Total liabilities, deferred inflows of resources and net position</b>	<b>\$6,959,259</b>	<b>\$7,156,152</b>	<b>-2.75%</b>

The following table is a summary of the District's change in net position.

Revenues	Governmental Activities		Total Percentage Change
	2025	2024	2024-2025
Program Revenues			
Charges for services	\$ 70,481	\$ 43,240	63.00%
Operating grants	785,800	773,397	1.60%
Capital grants	-	-	N/A
General Revenues			
Property taxes	1,515,203	1,470,054	3.07%
State equalization	2,191,490	1,964,228	11.57%
Other	163,351	264,427	-38.22%
<b>Total Revenue</b>	<b>4,794,628</b>	<b>4,515,346</b>	<b>6.19%</b>
<b>Expenses</b>			
Instruction	2,493,929	2,056,526	21.27%
Supporting Services	2,016,608	1,744,538	15.60%
Unallocated depreciation	139,673	128,821	8.42%
<b>Total Expenses</b>	<b>4,650,210</b>	<b>3,929,885</b>	<b>18.33%</b>
<b>Change in net position</b>	<b>\$144,418</b>	<b>\$585,461</b>	<b>-75.33%</b>

### Governmental Activities

The primary source of operating revenue for school districts comes from the School Finance Act of 1994, as amended (SFA). Under the SFA the School District received \$18,137 per funded student. In fiscal year 2024-25 the funded pupil count was 200.7. Funding for the SFA comes from property taxes, specific ownership tax and state equalization. The School District receives approximately 59% of this funding from state equalization while the remaining amount comes from property taxes and specific ownership tax. The School District's assessed valuation generated \$1,346,474 in property taxes for fiscal year 2024-2025.

### Governmental Funds

The focus of the School 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 School district's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the School District's net resources available for spending at the end of the fiscal year.

As the end of the fiscal year, the School District's governmental funds reported combined ending fund balances of \$2,668,651, a decrease of \$30,071. The general and other governmental funds had fund balance decreases of \$11,738 and \$18,333, respectively.

## General Fund Budget Highlights

The District's budget is prepared according to Colorado law and is based on accounting for transactions under generally accepted accounting principles. The most significant budgeted fund is the General Fund.

The differences that are found between the final budget and the actual expended amounts are as follows: The revenue variance in the General Fund was due to revenues from local, state and federal sources coming in higher than anticipated by \$89,851, \$61,230 and \$59,673, respectively. Expenditures were under budget by \$2,296,558, due primarily to the fact that appropriated reserves were not expended.

## Capital Assets and Debt Administration

### Capital Assets

The School Districts investment in capital assets for its governmental activities as of June 30, 2025 amounts to \$3,060,034 (net of accumulated depreciation). This investment in capital assets includes land, buildings, and improvements, equipment, construction in progress, and capital leases all with an original cost greater than \$5,000.

Additional information on the School District's capital assets can be found in note E to the basic financial statements.

The School District's total capital assets at June 30, 2025 net of accumulated depreciation were as follows:

	Governmental Activities
Land	\$ 24,013
Building Improvements	2,709,234
Vehicles	201,729
Furniture & Equipment	125,058
Total Capital Assets	<u>\$ 3,060,034</u>

### Economic Factors

The economy in our community is stable. Agriculture commodities are experiencing above average yields due to more than average precipitation amounts through the year in the area. Some areas of the school district received minor hail, high winds and other severe weather this summer, which has affected crop yields. The cattle market is at record high levels. The real estate market is very competitive. Fleming continues to attract homebuyers and people who desire to reside in our school district.

The district has completed the Master Planning process for our facilities. The goal is to develop a plan to address the needs for our school building. The district applied for a BEST grant and did not receive funding for our construction project. Efforts will continue to secure funding for a major renovation of our school building.

Property valuations for our school district increased from \$47,859,865 to \$50,159,474. The property valuations help determine how much state equalization the district receives from the State of Colorado. The increase in property valuation means an increase in local funding and a decrease in state funding for our school.

The Ending Fund Balance in the General Fund is expected to decrease for the year ending June 30, 2025. The district increased the Certified Base Salary to \$41,000 and the Classified Salary Schedule increased. The staff also was granted a step on the salary schedule.

The 2025-2026 preliminary budget was established in compliance with the Frenchman School District RE-3 Board of Education's policy manual. The budget for FY 2025-2026 was based on the funded pupil count of 203.5 students. The school district had a membership enrollment of 212 students on October 1st.

### **Contacting the Districts Financial Management**

This financial report is designed to provide the District's citizens, taxpayers, parents, 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 any questions about this report or need additional information, contact Frenchman School District RE-3, 506 N Fremont, Fleming CO. 80728 or 970-265-2111.

This page intentionally left blank.

## **Basic Financial Statements**

The basic financial statements of the District include the following:

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

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

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

**FRENCHMAN SCHOOL DISTRICT RE-3**  
**Statement of Net Position**  
**June 30, 2025**

	<u>Governmental Activities</u>
Assets	
Cash	\$ 1,354,285
Cash with fiscal agent	23,196
Certificates of deposit	708,641
Investments	890,057
Receivables	54,130
Inventory	19,637
Capital assets, net of depreciation	<u>3,060,034</u>
Total assets	6,109,980
Deferred outflows of resources	
Pension deferrals	827,821
Other post-employment benefit deferrals	<u>21,458</u>
Total deferred outflows of resources	<u>849,279</u>
Total assets and deferred outflows of resources	<u><u>\$ 6,959,259</u></u>
Liabilities	
Accounts payable	\$ 35,382
Accrued salaries and benefits	292,485
Payroll deductions and withholdings	2,611
Unearned revenue	3,388
Unearned grant revenue	36,730
Noncurrent liabilities	
Due within one year	60,207
Due in more than one year	46,099
Net pension liability	4,308,763
Net other post-employment benefit deferrals	<u>76,449</u>
Total liabilities	4,862,114
Deferred inflows of resources	
Pension deferrals	130,144
Other post-employment benefit deferrals	<u>48,301</u>
Total deferred inflows of resources	178,445
Net position	
Net investment in capital assets	3,060,034
Restricted for:	
Emergencies	133,000
Universal preschool program	158,748
Food service operations	49,574
Unrestricted (deficit)	<u>(1,482,656)</u>
Total net position	<u>1,918,700</u>
Total liabilities, deferred inflows of resources and net position	<u><u>\$ 6,959,259</u></u>

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

This page intentionally left blank.

**FRENCHMAN SCHOOL DISTRICT RE-3**  
**Statement of Activities**  
**For the Year Ended June 30, 2025**

	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities				
Instruction	\$ 2,493,929	\$ 24,971	\$ 377,474	
Supporting services				
Students	209,422		14,438	
Instructional staff	47,643		9,500	
General administration	242,854			
School administration	166,550			
Business services	110,171		300	
Operations and maintenance	539,638		118,420	
Student transportation	260,011		33,315	
Central support services	144,440		23,879	
Food service operations	248,230	45,510	172,583	
Facilities acquisition	47,649		35,891	
Unallocated depreciation *	139,673			
Total governmental activities	<u>\$ 4,650,210</u>	<u>\$ 70,481</u>	<u>\$ 785,800</u>	<u>\$ -</u>

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

Total general revenues

Change in net position

Net position at beginning of year,  
 as previously reported

Restatement for change in accounting  
 principle

Net position at beginning of year,  
 as restated

Net position at end of year

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

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

---

Net (Expenses)  
Revenues and  
Change in  
Net Position

Net  
Governmental  
Activities

\$ (2,091,484)

(194,984)

(38,143)

(242,854)

(166,550)

(109,871)

(421,218)

(226,696)

(120,561)

(30,137)

(11,758)

(139,673)

(3,793,929)

1,346,474

166,969

1,760

2,191,490

68,303

163,351

3,938,347

144,418

1,840,044

(65,762)

1,774,282

\$ 1,918,700

**FRENCHMAN SCHOOL DISTRICT RE-3**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2025**

	General Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>			
Cash	\$ 1,250,216	\$ 104,069	\$ 1,354,285
Cash with fiscal agent	23,196		23,196
Certificates of deposit	708,641		708,641
Investments	890,057		890,057
Due from other funds		23,259	23,259
Property taxes receivable	20,097		20,097
Grants receivable	21,160	12,440	33,600
Other receivables		433	433
Inventories		19,637	19,637
<b>Total assets</b>	<b>\$ 2,913,367</b>	<b>\$ 159,838</b>	<b>\$ 3,073,205</b>
<b>Liabilities</b>			
Due to other funds	\$ 23,259		\$ 23,259
Accounts payable	30,272	\$ 5,110	35,382
Accrued salaries and benefits	292,485		292,485
Payroll deductions and withholdings	2,611		2,611
Unearned revenues		3,388	3,388
Unearned grant revenues	36,730		36,730
<b>Total liabilities</b>	<b>385,357</b>	<b>8,498</b>	<b>393,855</b>
<b>Deferred inflows of resources</b>			
Deferred property tax revenues	10,699		10,699
<b>Total deferred inflows of resources</b>	<b>10,699</b>	<b>-</b>	<b>10,699</b>
<b>Fund balance</b>			
Nonspendable inventories		19,637	19,637
Restricted for:			
Emergencies	133,000		133,000
Universal preschool program	158,748		158,748
Food service operations		29,937	29,937
Committed to pupil activities		101,766	101,766
Unassigned	2,225,563		2,225,563
<b>Total fund balance</b>	<b>2,517,311</b>	<b>151,340</b>	<b>2,668,651</b>
<b>Total liabilities, deferred inflows of resources and fund balance</b>	<b>\$ 2,913,367</b>	<b>\$ 159,838</b>	<b>\$ 3,073,205</b>

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

**FRENCHMAN SCHOOL DISTRICT RE-3**  
**Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position**  
**June 30, 2025**

---

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

Total fund balance - governmental funds	\$ 2,668,651
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.	3,060,034
Property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures, and therefore are reported as deferred inflows of resources in the funds.	10,699
Long-term liabilities and related deferred outflows and inflows of resources are not due and payable in the current year and therefore are not reported as liabilities in the funds.	<u>(3,820,684)</u>
Net position of the governmental activities	<u><u>\$ 1,918,700</u></u>

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

**FRENCHMAN SCHOOL DISTRICT RE-3**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Governmental Funds**  
**For the Year Ended June 30, 2025**

	General Fund	Other Governmental Funds	Total Governmental Funds
Revenues			
Local sources	\$ 1,643,069	\$ 180,405	\$ 1,823,474
Intermediate sources	199		199
State sources	2,488,577	101,570	2,590,147
Federal sources	269,715	71,013	340,728
Total revenues	4,401,560	352,988	4,754,548
Expenditures			
Instruction	2,320,471	137,659	2,458,130
Supporting services	1,938,917	243,662	2,182,579
Capital outlay	143,910		143,910
Total expenditures	4,403,298	381,321	4,784,619
Excess of revenues over (under) expenditures	(1,738)	(28,333)	(30,071)
Other financing sources (uses)			
Transfers in		10,000	10,000
Transfers out	(10,000)		(10,000)
Total other financing sources (uses)	(10,000)	10,000	-
Net change in fund balances	(11,738)	(18,333)	(30,071)
Fund balance at beginning of year	2,529,049	169,673	2,698,722
Fund balance at end of year	\$ 2,517,311	\$ 151,340	\$ 2,668,651

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

**FRENCHMAN SCHOOL DISTRICT RE-3**  
**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances**  
**of Governmental Funds to the Statement of Activities**  
**For the Year Ended June 30, 2025**

---

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

Net change in fund balances - governmental funds	\$ (30,071)
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities, those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expense in the statement of activities. This is the amount by which capital outlays exceeded depreciation in the current period.	163,270
In the statement of activities, certain operating expenses - compensated absences - are measured by the amounts incurred or earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid).	(40,544)
Because some property taxes will not be collected for several months after after the fiscal year ends, they are not considered as "available" revenues in the governmental funds and are, instead, counted as deferred tax revenues. They are, however, recorded as revenues in the statement of activities.	(732)
Pension and OPEB expense at the fund level represents cash contributions to the defined benefit plan. For the activity level presentation, the amount represents the actuarial cost of the benefits for the fiscal year.	<u>52,495</u>
Change in net position of governmental activities	<u>\$ 144,418</u>

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

## **FRENCHMAN SCHOOL DISTRICT RE-3**

### **Notes to Financial Statements**

---

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

This summary of the Frenchman School District RE-3's significant accounting policies is presented to assist the reader in interpreting the financial statements and other data in this report. The policies are considered essential and should be read in conjunction with the accompanying financial statements.

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

#### **A.1 – Reporting entity**

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

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

#### **A.2 – Fund accounting**

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

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

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

**FRENCHMAN SCHOOL DISTRICT RE-3**  
**Notes to Financial Statements**

---

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

General Fund – The General Fund is the operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund. Major revenue sources include local property taxes, specific ownership taxes, and State of Colorado equalization funding, as determined by the School Finance Act of 1994, as amended. Expenditures include all costs associated with the daily operation of the schools, except for debt service, food service operations and pupil activities.

The following are the District's nonmajor governmental funds:

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

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

**Note A.3 – Basis of presentation**

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

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

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

**FRENCHMAN SCHOOL DISTRICT RE-3**  
**Notes to Financial Statements**

---

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

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

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

**A.4 – Basis of accounting**

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

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

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenues from property taxes are recognized in the fiscal year for which the taxes are levied. State equalization monies are recognized as revenues during the period in which they are appropriated. Revenues from grants, entitlements and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

**FRENCHMAN SCHOOL DISTRICT RE-3**  
**Notes to Financial Statements**

---

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

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

Deferred outflows/inflows of resources - In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenditure) until then.

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

Unearned revenue – Unearned revenues arise when potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period. Unearned revenues also arise when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to meeting eligibility requirements. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for unearned revenue is removed and the revenue is recognized.

Expenditures – The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

**A.5 – Encumbrances**

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

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

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

**FRENCHMAN SCHOOL DISTRICT RE-3**  
**Notes to Financial Statements**

---

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

**A.7 – Inventories**

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

**A.8 – Capital assets**

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

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

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

<u>Description</u>	<u>Governmental Activities</u>
Land and improvements	0-20 years
Buildings and improvements	20-50 years
Furniture and equipment	5-20 years
Licensed vehicles	5-10 years

**FRENCHMAN SCHOOL DISTRICT RE-3**  
**Notes to Financial Statements**

---

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

**A.9 – Compensated absences**

The District reports compensated absences in accordance with the provisions of GASB Statement No. 101, “Compensated Absences.” Leave benefits are accrued as a liability for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability is recognized for leave that has not been used if the leave is attributable to services already rendered, the leave accumulates, or the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The entire compensated absence liability is reported on the government-wide financial statements.

For governmental fund financial statements, the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts, if any, are recorded in the account “accrued compensated absences” in the fund from which the employees who have accumulated unpaid leave are paid.

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

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

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

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. Bonds payable and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements until due. Bond premiums are amortized over the life of the bonds using the straight-line method.

**A.11 – Fund balance**

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

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

**FRENCHMAN SCHOOL DISTRICT RE-3**  
**Notes to Financial Statements**

---

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

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

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

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

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

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

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

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

**A.12 – Net Position**

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

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

**FRENCHMAN SCHOOL DISTRICT RE-3**  
**Notes to Financial Statements**

---

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

**A.13 – Interfund transactions**

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

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

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

**Note B – Cash and investments**

**Cash and deposits**

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

Custodial credit risk – deposits – Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of year-end, the District had total deposits of \$2,149,235 of which \$250,000 was insured and \$1,899,235 was collateralized with securities held by the pledging institution's trust department or agent in the District's name.

**FRENCHMAN SCHOOL DISTRICT RE-2J**  
**Notes to Financial Statements**

---

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

**Investments**

Authorized investments – Investment policies are governed by Colorado State Statutes and the District’s own investment policies and procedures. Investments of the District may include:

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

During the year, the District invested in Colotrust (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commission administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund and each share is equal in value to \$1.00. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and repurchase agreements collateralized by certain obligations of U.S. government agencies. A designated custodial bank serves as custodian for the Trust’s portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust’s investment portfolios and provides services as the depository in connection with direct investments and withdrawals. As of June 30, 2025, the District had invested \$890,057 in COLOTRUST PLUS+, an SEC Rule 2a7-like investment pool. Investments are valued at the net asset value (NAV) of \$1.00. The investment pools are routinely monitored by the Colorado Division of Securities with regard to operations and investments.

At year-end, the District had the following investments:

<u>Investment type</u>	<u>Fair value</u>	<u>Investment maturities (in years)</u>		
		<u>Less than 1</u>	<u>1-5</u>	<u>6-10</u>
Investment in ColoTrust	<u>\$ 890,057</u>	<u>\$ 890,057</u>	<u>\$ -</u>	<u>\$ -</u>

**FRENCHMAN SCHOOL DISTRICT RE-3**  
**Notes to Financial Statements**

---

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

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 losses arising from increasing rates.

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

**Note C – Receivables**

Receivables at year-end consist of the following:

	<u>Governmental Receivables</u>
Property taxes receivable	\$ 20,097
Grants receivable	33,600
Other receivables	<u>433</u>
Total	<u>\$ 54,130</u>

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

**Note D – Interfund transactions**

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

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
<u>Governmental funds</u>		
General fund	\$ -	\$ 23,259
Other governmental funds	<u>23,259</u>	<u>-</u>
Total	<u>\$ 23,259</u>	<u>\$ 23,259</u>

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

**FRENCHMAN SCHOOL DISTRICT RE-3**  
**Notes to Financial Statements**

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

	<u>Transfers In</u>	<u>Transfers Out</u>
<u>Governmental funds</u>		
General fund	\$ -	\$ 10,000
Other governmental funds	<u>10,000</u>	<u>-</u>
Total	<u>\$ 10,000</u>	<u>\$ 10,000</u>

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them. The District transferred \$10,000 from the General Fund to the Other Governmental Funds to subsidize the costs of maintaining the District’s food service operations.

**Note E – Capital assets**

Capital asset activity for the year was as follows:

	<u>Beginning Balance</u>	<u>Additions/ Adjustments</u>	<u>Deletions/ Transfers</u>	<u>Ending Balance</u>
<b>Governmental activities</b>				
Capital assets, not being depreciated:				
Land	\$ 24,013	\$ -	\$ -	\$ 24,013
Total capital assets, not being depreciated	24,013	-	-	24,013
Capital assets, being depreciated:				
Buildings and improvements	5,652,787	290,950	-	5,943,737
Licensed vehicles	725,229	51,814	-	777,043
Furniture and equipment	<u>285,878</u>	<u>22,927</u>	<u>-</u>	<u>308,805</u>
Total capital assets, being depreciated	<u>6,663,894</u>	<u>365,691</u>	<u>-</u>	<u>7,029,585</u>
Total capital assets	6,687,907	365,691	-	7,053,598
Less accumulated depreciation for:				
Buildings and improvements	(3,094,830)	(139,673)	-	(3,234,503)
Licensed vehicles	(530,041)	(45,273)	-	(575,314)
Furniture and equipment	<u>(166,272)</u>	<u>(17,475)</u>	<u>-</u>	<u>(183,747)</u>
Total accumulated depreciation	<u>(3,791,143)</u>	<u>(202,421)</u>	<u>-</u>	<u>(3,993,564)</u>
Governmental activities capital assets, net	<u>\$ 2,896,764</u>	<u>\$ 163,270</u>	<u>\$ -</u>	<u>\$ 3,060,034</u>

**FRENCHMAN SCHOOL DISTRICT RE-3**  
**Notes to Financial Statements**

---

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

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

<b>Governmental activities</b>	
Instruction	\$ 2,755
Operations and maintenance	9,738
Student transportation	45,273
Food service operations	4,982
Unallocated	<u>139,673</u>
 Total	 <u>\$ 202,421</u>

**Note F – Accrued salaries and benefits**

Salaries and benefits of certain contractually employed personnel are paid over a twelve-month period from September to August, but are earned during a school year of approximately nine to ten months. The salaries and benefits earned but not paid at year-end are estimated to be \$292,485. Accordingly, this accrued compensation is reflected as a liability in the accompanying financial statements.

**Note G – Long-term debt**

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

	<u>Beginning Balances, as Restated</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balances</u>	<u>Due within one year</u>
<b>Governmental Activities</b>					
Compensated absences	\$ <u>65,762</u>	\$ <u>40,544*</u>	\$ <u>-</u>	\$ <u>106,306</u>	\$ <u>60,207</u>

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

**Note H – Defined benefit pension plan**

Summary of Significant Accounting Policies

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

**FRENCHMAN SCHOOL DISTRICT RE-3**  
**Notes to Financial Statements**

---

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

General Information about the Pension Plan

*Plan description.* Eligible employees of the District are provided with pensions through the SCHDTF—a cost-sharing multiple-employer defined benefit pension plan administered by PERA. Plan benefits are specified in Title 24, Article 51 of the Colorado Revised Statutes (C.R.S.), administrative rules set forth at 8 C.C.R. 1502-1, and applicable provisions of the federal Internal Revenue Code. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available annual comprehensive financial report (ACFR) that can be obtained at [www.copera.org/forms-resources/financial-reports-and-studies](http://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 service credit over 10 years plus a monthly amount equal to the annuitized member contribution account balance based on life expectancy and other actuarial factors.

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

**FRENCHMAN SCHOOL DISTRICT RE-3**  
**Notes to Financial Statements**

---

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

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

**FRENCHMAN SCHOOL DISTRICT RE-3**  
**Notes to Financial Statements**

---

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

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

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

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from the District were \$415,931 for the year ended June 30, 2025.

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

**FRENCHMAN SCHOOL DISTRICT RE-3**  
**Notes to Financial Statements**

---

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

At year end, the District reported a liability of \$4,308,763 for its proportionate share of the net pension liability that reflected a reduction for support from the State as a nonemployer contributing entity. The amount recognized by the District as its proportionate share of the net pension liability, the related support from the State as a nonemployer contributing entity, and the total portion of the net pension liability that was associated with the District were as follows:

District’s proportionate share of the net pension liability	\$ 4,308,763
The State’s proportionate share of the net pension liability as a nonemployer contributing entity associated with the District	<u>386,995</u>
Total	<u>\$ 4,695,758</u>

At December 31, 2024, the District’s proportion was 0.0250%, which was the same as its proportion measured as of December 31, 2023.

For the year ended June 30, 2025, the District recognized pension expense of \$474,537 and revenue of \$35,321 for support from the State as a nonemployer contributing entity. At year-end, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 243,725	\$ -
Changes of assumptions or other inputs	32,303	-
Net difference between projected and actual earnings on pension plan investments	-	68,663
Changes in proportion and differences between contributions recognized and proportionate share of contributions	339,033	61,481
Contributions subsequent to the measurement date	<u>212,760</u>	<u>-</u>
Total	<u>\$ 827,821</u>	<u>\$ 130,144</u>

**FRENCHMAN SCHOOL DISTRICT RE-3**  
**Notes to Financial Statements**

---

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

\$212,760 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30, _____	Amount
2026	\$ 351,904
2027	307,890
2028	(116,899)
2029	<u>(57,978)</u>
Totals	<u>\$ 484,917</u>

*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 <sup>1</sup>	Financed by the AIR

<sup>1</sup> 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.

**FRENCHMAN SCHOOL DISTRICT RE-3**  
**Notes to Financial Statements**

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

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

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.

**FRENCHMAN SCHOOL DISTRICT RE-3**  
**Notes to Financial Statements**

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

	<b>Mortality Table</b>	<b>Adjustments, as Applicable</b>
Pre-Retirement	PubT-2010 Employee	N/A
Post-Retirement (Retiree), Non-Disabled	PubT-2010 Healthy Retiree	<b>Males:</b> 106% of the rates for all ages <b>Females:</b> 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	<b>Males:</b> 92% of the rates for all ages <b>Females:</b> 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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>30 Year Expected Geometric Real Rate of Return</u>
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	<u>100.00%</u>	

**FRENCHMAN SCHOOL DISTRICT RE-3**  
**Notes to Financial Statements**

---

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

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

**FRENCHMAN SCHOOL DISTRICT RE-3**  
**Notes to Financial Statements**

---

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

- 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.

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

	1% Decrease <u>(6.25%)</u>	Current Discount Rate <u>(7.25%)</u>	1% Increase <u>(8.25%)</u>
Proportionate share of the net pension liability	<u>\$ 5,841,684</u>	<u>\$ 4,308,763</u>	<u>\$ 3,024,728</u>

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

Subsequent events

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

**FRENCHMAN SCHOOL DISTRICT RE-3**  
**Notes to Financial Statements**

---

**Note I – Defined contribution pension plan**

Voluntary Investment Program (PERAPlus 401(k) Plan)

*Plan description* - Employees of the District that are also members of the SCHDTF may voluntarily contribute to the Voluntary Investment Program (PERAPlus 401(k) Plan), an Internal Revenue Code Section 401(k) defined contribution plan administered by PERA. Title 24, Article 51, Part 14 of the C.R.S., as amended, assigns the authority to establish the Plan provisions to the PERA Board of Trustees. PERA issues a publicly available ACFR which includes additional information on the PERAPlus 401(k) Plan. That report can be obtained at [www.copera.org/forms-resources/financial-reports-and-studies](http://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. The District does not offer matching contributions to its employees. Employees are immediately vested in their own contributions and investment earnings. For the year ended June 30, 2025, program members contributed \$2,522 for the PERAPlus 401(k) Plan.

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

Summary of Significant Accounting Policies

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

General Information about the OPEB Plan

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

**FRENCHMAN SCHOOL DISTRICT RE-3**  
**Notes to Financial Statements**

---

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

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

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

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

*PERA Benefit Structure*

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

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

**FRENCHMAN SCHOOL DISTRICT RE-3**  
**Notes to Financial Statements**

---

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

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

*DPS Benefit Structure*

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

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

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

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the District were \$20,817 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 year-end, the District reported a liability of \$76,449 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 used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2023. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2024. The District's proportion of the net OPEB liability was based on the District's contributions to the HCTF for the calendar year 2024 relative to the total contributions of participating employers to the HCTF.

At December 31, 2024, the District's proportion was 0.0160%, which was an increase of 0.0011% from its proportion measured as of December 31, 2023.

**FRENCHMAN SCHOOL DISTRICT RE-3**  
**Notes to Financial Statements**

---

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

For the year ended June 30, 2025, the District recognized OPEB expense of \$(14,151). At year-end, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$ 16,107
Changes of assumptions or other inputs	838	23,852
Net difference between projected and actual earnings on OPEB plan investments	-	49
Changes in proportion and differences between contributions recognized and proportionate share of contributions	9,972	8,293
Contributions subsequent to the measurement date	<u>10,648</u>	<u>-</u>
Total	<u>\$ 21,458</u>	<u>\$ 48,301</u>

\$10,648 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ended June 30,</u>	<u>Amount</u>
2026	\$ (15,120)
2027	(6,105)
2028	(8,291)
2029	(4,232)
2030	(2,416)
2031	<u>(1,327)</u>
Total	<u>\$ (37,491)</u>

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

**FRENCHMAN SCHOOL DISTRICT RE-3**  
**Notes to Financial Statements**

---

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

Actuarial cost method	Entry age
Price inflation	2.30%
Real wage growth	0.70%
Wage inflation	3.00%
Salary increases, including wage inflation	3.40%-11.00%
Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Health care cost trend rates	
PERA benefit structure:	
Service-based premium subsidy	0.00%
PERACare Medicare plans	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

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.

**FRENCHMAN SCHOOL DISTRICT RE-3**  
**Notes to Financial Statements**

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

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

Sample Age	MAPD PPO #1 with Medicare Part A		MAPD PPO #2 with Medicare Part A		MAPD HMO (Kaiser) with Medicare Part A	
	Retiree/Spouse		Retiree/Spouse		Retiree/Spouse	
	Male	Female	Male	Female	Male	Female
65	\$1,710	\$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.

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

**FRENCHMAN SCHOOL DISTRICT RE-3**  
**Notes to Financial Statements**

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

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

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

<u>Year</u>	<u>PERACare Medicare Plans<sup>1</sup></u>	<u>MAPD PPO #2</u>	<u>Medicare Part A Premiums</u>
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%

<sup>1</sup>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.

**FRENCHMAN SCHOOL DISTRICT RE-3**  
**Notes to Financial Statements**

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

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

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.

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

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

**FRENCHMAN SCHOOL DISTRICT RE-3**  
**Notes to Financial Statements**

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

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.

Salary increases, including wage inflation: 4.00%-13.40%

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.

School Division	Mortality Table	Adjustments, as Applicable
Pre-Retirement	PubT-2010 Employee	N/A
Post-Retirement (Retiree), Non-Disabled	PubT-2010 Healthy Retiree	<b>Males:</b> 106% of the rates for all ages <b>Females:</b> 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	<b>Males:</b> 92% of the rates for all ages <b>Females:</b> 100% of the rates for all ages
Disabled	PubNS-2010 Disabled Retiree	95% of the rates for all ages

**FRENCHMAN SCHOOL DISTRICT RE-3**  
**Notes to Financial Statements**

---

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

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.

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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>30 Year Expected Geometric Real Rate of Return</u>
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	<u>6.00%</u>	5.20%
Total	<u>100.00%</u>	

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

*Sensitivity of the District’s 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:

**FRENCHMAN SCHOOL DISTRICT RE-3**  
**Notes to Financial Statements**

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

	<u>1% Decrease in Trend Rates</u>	<u>Current Trend Rates</u>	<u>1% Increase in Trend Rates</u>
Initial PERACare Medicare trend rate <sup>1</sup>	5.75%	6.75%	7.75%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial MAPD PPO #2 trend rate <sup>1</sup>	7.55%	8.55%	9.55%
Ultimate MAPD PP #2 trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate <sup>1</sup>	2.75%	3.75%	4.75%
Ultimate Medicare Part A trend rate	<u>3.50%</u>	<u>4.50%</u>	<u>5.50%</u>
Net OPEB Liability	\$ 74,390	\$ 76,449	\$ 78,780

<sup>1</sup>For 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:

- 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

**FRENCHMAN SCHOOL DISTRICT RE-3**  
**Notes to Financial Statements**

---

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

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 District’s 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 <u>(6.25%)</u>	Current Discount Rate <u>(7.25%)</u>	1% Increase <u>(8.25%)</u>
Proportionate share of the net OPEB liability	\$ <u>93,690</u>	\$ <u>76,449</u>	\$ <u>61,586</u>

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

**Note K – Risk management**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District participates in the Colorado School Districts Self-Insurance Pool (the Pool). The Pool’s objectives are to provide member school districts with defined property and liability coverages through self-insurance and excess insurance purchased from commercial companies. The District makes an annual contribution to the Pool for its insurance coverages. The District’s contribution for the year was \$120,484. The District continues to carry commercial insurance for all risks of loss, including workers’ compensation and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage or the deductible in any of the past three fiscal years. There has been no significant reduction in insurance coverage from the prior year in any of the major categories of risk.

**FRENCHMAN SCHOOL DISTRICT RE-3**  
**Notes to Financial Statements**

---

**Note L – Commitments and contingencies**

Federal and state funding

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

TABOR Amendment

In November 1992, Colorado voters passed an amendment, commonly known as the Taxpayer's Bill of Rights (TABOR), to the State Constitution (Article X, Section 20) which limits the revenue raising and spending abilities of state and local governments. The limits on property taxes, revenue, and "fiscal year spending" include allowable annual increases tied to inflation and local growth in student enrollment. Fiscal year spending as defined by the amendment excludes spending from certain revenue and financing sources such as federal funds, gifts, property sales, fund transfers, damage awards, and fund reserves (balances). The amendment requires voter approval for any increase in mill levy or tax rates, new taxes, or creation of multi-year debt. Revenue earned in excess of the "spending limit" must be refunded or approved to be retained by the District under specified voting requirements by the entire electorate. In November, 1997, the voters of the District approved a ballot initiative permitting the District to retain, appropriate, and utilize, by retention for reserve, carryover fund balance, or expenditure, the full proceeds and revenues received from every source whatsoever, without limitation, in this fiscal year and all subsequent fiscal years notwithstanding any limitation of Article X, Section 20 of the Colorado Constitution. TABOR is complex and subject to judicial interpretation. The District believes it is in compliance with the requirements of TABOR. However, the District has made certain interpretations of TABOR's language in order to determine its compliance. The District has reserved funds in the General Fund in the amount of \$133,000 for the emergency reserve.

**Note M – Joint venture**

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

- financially independent and responsible for its own financing deficits and entitled to its own surpluses,
- has a separate governing board from that of the District,
- has a separate management which is responsible for day to day operations and is accountable to the separate governing board,

**FRENCHMAN SCHOOL DISTRICT RE-3**  
**Notes to Financial Statements**

---

**Note M – Joint venture (Continued)**

- the governing board and management have the ability to significantly influence operations by approving budgetary requests and adjustments, signing contracts, hiring personnel, exercising control over facilities and determining the outcome or disposition of matters affecting the recipients of services provided, and
- has absolute authority over all funds and fiscal responsibility, including budgetary responsibility, and reporting to state agencies and controls fiscal management.

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

Separate financial statements of the BOCES are available by contacting their administrative office in Haxtun, Colorado.

For the year, the District's financial contribution to the BOCES was \$52,365.

**Note N – Change in Accounting Principle**

Effective July 1, 2024, the District implemented GASB Statement No. 101, *Compensated Absences*. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The effect of this change, as of July 1, 2024, is an increase of \$65,762 in long-term liabilities and a corresponding decrease in net position of the governmental activities.

### **Required Supplementary Information**

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

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

**FRENCHMAN SCHOOL DISTRICT RE-3**  
**General Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2025**

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Local sources	\$ 1,635,656	\$ 1,553,218	\$ 1,643,069	\$ 89,851
Intermediate sources	200	200	199	(1)
State sources	2,331,951	2,427,347	2,488,577	61,230
Federal sources	90,176	210,042	269,715	59,673
Total revenues	4,057,983	4,190,807	4,401,560	210,753
Expenditures				
Instruction	2,098,287	2,128,051	2,320,471	(192,420)
Supporting services	1,698,669	1,857,023	1,938,917	(81,894)
Capital outlay	185,733	185,733	143,910	41,823
Appropriated reserves	2,288,088	2,529,049		2,529,049
Total expenditures	6,270,777	6,699,856	4,403,298	2,296,558
Excess of revenues over (under) expenditures	(2,212,794)	(2,509,049)	(1,738)	2,507,311
Other financing uses				
Transfers out	(20,000)	(20,000)	(10,000)	10,000
Net change in fund balance	\$ (2,232,794)	\$ (2,529,049)	(11,738)	\$ 2,517,311
Fund balance at beginning of year			2,529,049	
Fund balance at end of year			\$ 2,517,311	

This page intentionally left blank.

**FRENCHMAN SCHOOL DISTRICT RE-3**  
**Schedule of the District's Proportionate Share of the Net Pension Liability**  
**PERA's School Division Trust Fund**  
**June 30, 2025**

	<u>June 30, 2025</u>	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>
District's proportion of the net pension liability	0.0250%	0.0250%	0.0194%	0.0234%
District's proportionate share of the net pension liability	\$ 4,308,763	\$ 4,415,829	\$ 3,534,823	\$ 2,725,309
State's proportionate share of the net pension liability	<u>386,995</u>	<u>96,826</u>	<u>1,030,083</u>	<u>312,422</u>
Total	<u>\$ 4,695,758</u>	<u>\$ 4,512,655</u>	<u>\$ 4,564,906</u>	<u>\$ 3,037,731</u>
District's covered payroll	\$ 1,929,634	\$ 1,650,890	\$ 1,497,051	\$ 1,463,583
District's proportionate share of the net pension liability as a percentage of its covered payroll	223.29%	267.48%	236.12%	186.21%
Plan fiduciary net position as a percentage of the total pension liability	67.17%	64.74%	61.79%	74.86%

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

---

<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>
0.0262%	0.0240%	0.0242%	0.0279%	0.0292%	0.0292%
\$ 3,962,820	\$ 3,578,294	\$ 4,283,849	\$ 9,026,223	\$ 8,700,939	\$ 4,462,975
<u>-</u>	<u>453,861</u>	<u>585,757</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 3,962,820</u>	<u>\$ 4,032,155</u>	<u>\$ 4,869,606</u>	<u>\$ 9,026,223</u>	<u>\$ 8,700,939</u>	<u>\$ 4,462,975</u>
\$ 1,401,911	\$ 1,407,360	\$ 1,330,014	\$ 1,287,615	\$ 1,311,599	\$ 1,271,686
282.67%	254.26%	322.09%	701.00%	663.38%	350.95%
66.99%	64.52%	57.01%	43.96%	43.10%	59.20%

**FRENCHMAN SCHOOL DISTRICT RE-3**  
**Schedule of District Contributions**  
**PERA's School Division Trust Fund**  
**June 30, 2025**

---

	<u>June 30, 2025</u>	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>
Contractually required contribution	\$ 415,931	\$ 349,223	\$ 318,963	\$ 294,051
Contributions in relation to the contractually required contribution	<u>(415,931)</u>	<u>(349,223)</u>	<u>(318,963)</u>	<u>(294,051)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 2,040,872	\$ 1,713,550	\$ 1,567,588	\$ 1,479,125
Contributions as a percentage of covered payroll	20.38%	20.38%	20.35%	19.88%

---

<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>
\$ 287,951	\$ 274,020	\$ 261,315	\$ 238,919	\$ 244,099	\$ 226,065
<u>(287,951)</u>	<u>(274,020)</u>	<u>(261,315)</u>	<u>(238,919)</u>	<u>(244,099)</u>	<u>(226,065)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,450,955	\$ 1,415,167	\$ 1,365,998	\$ 1,267,458	\$ 1,328,157	\$ 1,278,745
19.85%	19.36%	19.13%	18.85%	18.38%	17.68%

**FRENCHMAN SCHOOL DISTRICT RE-3**  
**Schedule of the District's Proportionate Share of the Net OPEB Liability<sup>1</sup>**  
**PERA's Health Care Trust Fund**  
**June 30, 2025**

	<u>June 30, 2025</u>	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>
District's proportion of the net OPEB liability	0.0160%	0.0149%	0.0148%	0.0153%
District's proportionate share of the net OPEB liabilities	\$ 76,449	\$ 106,627	\$ 120,453	\$ 131,851
District's covered payroll	\$ 1,929,634	\$ 1,650,890	\$ 1,497,051	\$ 1,463,583
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	3.96%	6.46%	8.05%	9.01%
Plan fiduciary net position as a percentage of the total OPEB liability	59.83%	46.16%	38.57%	39.40%

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

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

---

<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>
0.0152%	0.0157%	0.0157%	0.0159%	0.0166%
\$ 144,054	\$ 175,928	\$ 213,952	\$ 206,121	\$ 215,366
\$ 1,401,911	\$ 1,407,360	\$ 1,330,014	\$ 1,287,615	\$ 1,311,599
10.28%	12.50%	16.09%	16.01%	16.42%
32.78%	24.49%	17.03%	17.53%	16.72%

**FRENCHMAN SCHOOL DISTRICT RE-3**  
**Schedule of District Contributions<sup>1</sup>**  
**PERA's Health Care Trust Fund**  
**June 30, 2025**

---

	<u>June 30, 2025</u>	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>
Contractually required contribution	\$ 20,817	\$ 17,478	\$ 15,989	\$ 15,087
Contributions in relation to the contractually required contribution	<u>(20,817)</u>	<u>(17,478)</u>	<u>(15,989)</u>	<u>(15,087)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 2,040,872	\$ 1,713,550	\$ 1,567,588	\$ 1,479,125
Contributions as a percentage of covered payroll	1.02%	1.02%	1.02%	1.02%

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

---

<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>
\$ 14,800	\$ 14,435	\$ 13,933	\$ 12,928	\$ 13,547
<u>(14,800)</u>	<u>(14,435)</u>	<u>(13,933)</u>	<u>(12,928)</u>	<u>(13,547)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,450,955	\$ 1,415,167	\$ 1,365,998	\$ 1,267,458	\$ 1,328,157
1.02%	1.02%	1.02%	1.02%	1.02%

**FRENCHMAN SCHOOL DISTRICT RE-3**  
**Notes to the Required Supplementary Information**

---

**Note A – Budgetary data**

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

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

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

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

### **Other Supplementary Information**

Other supplementary information includes financial statements and schedules not required by the Governmental Accounting Standards Board, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

This page intentionally left blank.

## **Budgetary Comparison Schedules – General Fund**

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

**FRENCHMAN SCHOOL DISTRICT RE-3**  
**General Fund**  
**Budgetary Comparison Schedule - Revenues**  
**For the Year Ended June 30, 2025**

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Local sources				
Property taxes	\$ 1,411,253	\$ 1,292,216	\$ 1,347,206	\$ 54,990
Specific ownership taxes	120,903	157,502	166,969	9,467
Delinquent taxes and interest			1,760	1,760
Earnings on investments	45,000	45,000	68,002	23,002
Pupil activities	35,000	35,000	24,971	(10,029)
Other local revenue	23,500	23,500	34,161	10,661
Total local sources	1,635,656	1,553,218	1,643,069	89,851
Intermediate sources	200	200	199	(1)
State sources				
Equalization	2,129,213	2,178,081	2,191,490	13,409
Transportation	27,800	31,045	33,315	2,270
State grants to libraries	9,000	9,500	9,500	-
Additional at-risk funding	800	800	619	(181)
Read act	4,500	7,289	7,289	-
Summer EBT			625	625
State match for mill levy override			1,408	1,408
Revenue from other agencies	90,000	116,553	136,649	20,096
On-behalf payment			35,321	35,321
Services within the BOCES	70,638	84,079	72,361	(11,718)
Total state sources	2,331,951	2,427,347	2,488,577	61,230
Federal sources				
ESSER III		115,733	154,311	38,578
ESSER III set-aside		2,054	2,054	-
Summer EBT			300	300
REAP	20,000	23,879	23,879	-
Services within the BOCES	70,176	68,376	89,171	20,795
Total federal sources	90,176	210,042	269,715	59,673
Total revenues	\$ 4,057,983	\$ 4,190,807	\$ 4,401,560	\$ 210,753

This page intentionally left blank.

**FRENCHMAN SCHOOL DISTRICT RE-3**  
**General Fund**  
**Budgetary Comparison Schedule - Expenditures**  
**For the Year Ended June 30, 2025**

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Expenditures				
Instruction				
Salaries	\$ 1,300,894	\$ 1,320,894	\$ 1,385,505	\$ (64,611)
Employee benefits	455,174	459,744	542,257	(82,513)
Purchased services	175,634	175,634	211,385	(35,751)
Supplies and materials	128,883	134,077	107,569	26,508
Property	6,500	6,500	28,699	(22,199)
Other	31,202	31,202	45,056	(13,854)
Total instruction	2,098,287	2,128,051	2,320,471	(192,420)
Supporting services				
Students				
Salaries	152,876	152,876	136,214	16,662
Employee benefits	67,356	67,356	58,082	9,274
Purchased services	4,575	4,575	14,314	(9,739)
Supplies and materials	20,554	20,554	1,549	19,005
Property	10,000	10,000		10,000
Total students	255,361	255,361	210,159	45,202
Instructional staff				
Salaries	21,094	21,094	24,564	(3,470)
Employee benefits	4,969	4,969	6,212	(1,243)
Purchased services	4,330	4,330	3,236	1,094
Supplies and materials	14,950	14,950	13,764	1,186
Total instructional staff	45,343	45,343	47,776	(2,433)
General administration				
Salaries	133,541	133,541	137,611	(4,070)
Employee benefits	44,218	44,218	44,871	(653)
Purchased services	41,100	41,100	41,036	64
Supplies and materials	9,000	9,000	11,483	(2,483)
Other	12,000	12,000	8,598	3,402
Total general administration	239,859	239,859	243,599	(3,740)

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
School administration				
Salaries	102,678	102,678	106,275	(3,597)
Employee benefits	34,226	34,226	36,681	(2,455)
Purchased services	20,050	20,050	18,765	1,285
Supplies and materials	8,000	8,000	5,324	2,676
Other	650	650	80	570
Total school administration	165,604	165,604	167,125	(1,521)
Business services				
Salaries	64,792	64,792	65,392	(600)
Employee benefits	25,873	25,873	24,970	903
Purchased services	22,900	22,900	13,215	9,685
Supplies and materials	7,800	7,800	6,948	852
Total business services	121,365	121,365	110,525	10,840
Operations and maintenance				
Salaries	72,537	92,537	111,769	(19,232)
Employee benefits	40,861	45,432	49,606	(4,174)
Purchased services	236,984	370,767	455,300	(84,533)
Supplies and materials	135,500	135,500	120,655	14,845
Property	5,000	5,000	10,791	(5,791)
Total operations and maintenance	490,882	649,236	748,121	(98,885)
Student transportation				
Salaries	56,368	56,368	79,437	(23,069)
Employee benefits	23,903	23,903	27,987	(4,084)
Purchased services	60,600	60,600	66,750	(6,150)
Supplies and materials	40,800	40,800	40,994	(194)
Property	81,000	81,000	51,814	29,186
Total student transportation	262,671	262,671	266,982	(4,311)

(continued)

**FRENCHMAN SCHOOL DISTRICT RE-3**  
**General Fund**  
**Budgetary Comparison Schedule - Expenditures**  
**For the Year Ended June 30, 2025**

(continued)	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Central support services				
Salaries	24,000	24,000	35,138	(11,138)
Employee benefits	5,584	5,584	8,693	(3,109)
Purchased services	23,000	23,000	52,523	(29,523)
Supplies and materials	25,000	25,000	2,041	22,959
Property	40,000	40,000	46,235	(6,235)
Total central support services	117,584	117,584	144,630	(27,046)
Total supporting services	1,698,669	1,857,023	1,938,917	(81,894)
Capital outlay				
Facilities acquisition services				
Purchased services	50,000	50,000	57,968	(7,968)
Property	135,733	135,733	85,942	49,791
Total capital outlay	185,733	185,733	143,910	41,823
Appropriated reserves	2,288,088	2,529,049		2,529,049
Total expenditures	<u>\$ 6,270,777</u>	<u>\$ 6,699,856</u>	<u>\$ 4,403,298</u>	<u>\$ 2,296,558</u>

## **Budgetary Comparison Schedules – Nonmajor Governmental Funds**

The District reports the following nonmajor governmental funds:

Special Revenue Funds – These funds account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

- Food Service Fund – This fund is used to account for sales to customers, as well as dedicated grants received from state and federal sources that are associated with the operation of the District’s food service program.
- Pupil Activity Fund – This fund is used to account for revenues from pupils and other fund-raising activities related to school sponsored pupil intrascholastic and interscholastic athletic and other related activities.

**FRENCHMAN SCHOOL DISTRICT RE-3**  
**Nonmajor Governmental Funds**  
**Combining Balance Sheet**  
**June 30, 2025**

	Food Service Fund	Pupil Activity Fund	Totals
<b>Assets</b>			
Cash	\$ 85	\$ 103,984	\$ 104,069
Due from other funds	23,259		23,259
Grants receivable	12,440		12,440
Other receivables	433		433
Inventories	19,637		19,637
<b>Total assets</b>	<b>\$ 55,854</b>	<b>\$ 103,984</b>	<b>\$ 159,838</b>
<b>Liabilities</b>			
Accounts payable	\$ 2,892	\$ 2,218	\$ 5,110
Unearned revenues	3,388		3,388
<b>Total liabilities</b>	<b>6,280</b>	<b>2,218</b>	<b>8,498</b>
<b>Fund balance</b>			
Nonspendable inventories	19,637		19,637
Restricted for food service	29,937		29,937
Committed to pupil activities		101,766	101,766
<b>Total fund balance</b>	<b>49,574</b>	<b>101,766</b>	<b>151,340</b>
<b>Total liabilities and fund balance</b>	<b>\$ 55,854</b>	<b>\$ 103,984</b>	<b>\$ 159,838</b>

**FRENCHMAN SCHOOL DISTRICT RE-3**  
**Nonmajor Governmental Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balance**  
**For the Year Ended June 30, 2025**

	Food Service Fund	Pupil Activity Fund	Totals
Revenues			
Local sources	\$ 45,576	\$ 134,829	\$ 180,405
State sources	101,570		101,570
Federal sources	71,013		71,013
Total revenues	218,159	134,829	352,988
Expenditures			
Instructional		137,659	137,659
Supporting services	243,662		243,662
Total expenditures	243,662	137,659	381,321
Excess of revenues over (under) expenditures	(25,503)	(2,830)	(28,333)
Other financing sources			
Transfers in	10,000		10,000
Net change in fund balances	(15,503)	(2,830)	(18,333)
Fund balance at beginning of year	65,077	104,596	169,673
Fund balance at end of year	<u>\$ 49,574</u>	<u>\$ 101,766</u>	<u>\$ 151,340</u>

**FRENCHMAN SCHOOL DISTRICT RE-3**  
**Food Service Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2025**

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Local sources	\$ 19,650	\$ 19,650	\$ 45,576	\$ 25,926
State sources	82,850	82,850	101,570	18,720
Federal sources	101,500	101,500	71,013	(30,487)
Total revenues	204,000	204,000	218,159	14,159
Expenditures				
Food service operations				
Salaries	58,095	58,095	76,441	(18,346)
Employee benefits	24,118	24,118	23,988	130
Purchased services	3,187	3,187	9,547	(6,360)
Supplies and materials	138,600	138,600	128,317	10,283
Property			5,369	(5,369)
Appropriated reserves	44,962	65,077		65,077
Total expenditures	268,962	289,077	243,662	69,991
Excess of revenues over (under) expenditures	(64,962)	(85,077)	(25,503)	84,150
Other financing sources				
Transfers in	20,000	20,000	10,000	(10,000)
Net change in fund balance	\$ (44,962)	\$ (65,077)	(15,503)	\$ 74,150
Fund balance at beginning of year			65,077	
Fund balance at end of year			\$ 49,574	

**FRENCHMAN SCHOOL DISTRICT RE-3**  
**Pupil Activity Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2025**

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Local sources	\$ 200,000	\$ 160,000	\$ 134,829	\$ (25,171)
Expenditures				
Instruction				
Purchased services	125,000	100,000	87,833	12,167
Supplies and materials	75,000	60,000	49,826	10,174
Other	78,888	104,596		104,596
Total expenditures	<u>278,888</u>	<u>264,596</u>	<u>137,659</u>	<u>126,937</u>
Excess of revenues over (under) expenditures	<u>\$ (78,888)</u>	<u>\$ (104,596)</u>	(2,830)	<u>\$ 101,766</u>
Fund balance at beginning of year			<u>104,596</u>	
Fund balance at end of year			<u>\$ 101,766</u>	

This page intentionally left blank.

**Colorado Department of Education  
Supplementary Schedule**

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



**Colorado Department of Education**  
**Auditors Integrity Report**  
 District: 1850 - Frenchman RE-3  
 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
<b>Governmental</b>	+		-	=
10 General Fund	2,529,049	4,391,561	4,403,298	2,517,311
18 Risk Mgmt Sub-Fund of General Fund	0	0	0	0
19 Colorado Preschool Program Fund	0	0	0	0
<b>Sub- Total</b>	<b>2,529,049</b>	<b>4,391,561</b>	<b>4,403,298</b>	<b>2,517,311</b>
11 Charter School Fund	0	0	0	0
20,26-29 Special Revenue Fund	0	0	0	0
06 Supplemental Cap Const, Tech, Main. Fund	0	0	0	0
07 Total Program Reserve Fund	0	0	0	0
21 Food Service Spec Revenue Fund	65,077	228,159	243,662	49,574
22 Govt Designated-Purpose Grants Fund	0	0	0	0
23 Pupil Activity Special Revenue Fund	104,597	134,829	137,659	101,766
25 Transportation Fund	0	0	0	0
31 Bond Redemption Fund	0	0	0	0
39 Certificate of Participation (COP) Debt Service Fund	0	0	0	0
41 Building Fund	0	0	0	0
42 Special Building Fund	0	0	0	0
43 Capital Reserve Capital Projects Fund	0	0	0	0
46 Supplemental Cap Const, Tech, Main Fund	0	0	0	0
<b>Totals</b>	<b>2,698,722</b>	<b>4,754,549</b>	<b>4,784,620</b>	<b>2,668,652</b>
<b>Proprietary</b>				
50 Other Enterprise Funds	0	0	0	0
64 (63) Risk-Related Activity Fund	0	0	0	0
60,65-69 Other Internal Service Funds	0	0	0	0
<b>Totals</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Fiduciary</b>				
70 Other Trust and Agency Funds	0	0	0	0
72 Private Purpose Trust Fund	0	0	0	0
73 Agency Fund	0	0	0	0
74 Pupil Activity Agency Fund	0	0	0	0
79 GASB 34:Permanent Fund	0	0	0	0
85 Foundations	0	0	0	0
<b>Totals</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

FINAL