Brush School District RE-2(J)

Auditor's Report and Financial Statements

June 30, 2025

Brush School District No. RE-2(J)
Table of Contents
June 30, 2025

Brush School District No. RE-2(J)
Table of Contents
June 30, 2025

(CONTINUED)

rf

Independent Auditor's Report

Board of Education
Brush School District RE-2 (J)

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Brush School District RE-2, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Brush School District RE-2 (J)'s basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Brush School District RE-2 (J) 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Brush School District RE-2 (J) and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Brush School District RE-2 (J)'s 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.

rfarmer, llc a certified public accounting and consulting firm

po box 1173 122 north main street lamar, colorado 81052 719.336.7428 719.336.2982

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 Brush School District RE-2 (J)'s ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, 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 Brush School District RE-2 (J)'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 Brush School District RE-2 (J)'s ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the additional required supplementary information on pages iii-v and pages 38 through 44 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Brush School District RE-2 (J)'s basic financial statements. The supplemental information on pages 45 through 54, including the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying supplementary 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. Such 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 accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 13, 2026, on our consideration of Brush School District RE-2 (J)'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Brush School District RE-2 (J)'s internal control over financial reporting and compliance.

rfarmer, llc

January 13, 2026

MANAGEMENT'S DISCUSSION & ANALYSIS

This section of Brush School District No. RE-2(J) (the "District") annual financial report presents management's discussion and analysis of the District's financial performance during the fiscal year ended June 30, 2025.

Fund Financial Statements

The District financial statements are now solely governmental activities. These activities are financed through property and specific ownership taxes, intergovernmental revenues with grants received from both the state of Colorado and the federal government, and other sources. The revenues also include the state equalization funds received from the State of Colorado, Colorado Department of Education. The amount is determined following guidelines established with the school finance act. For the school year of 2024-25, the amount received was $7,989,765.

Each fund is accounted for in the financial statements with a separate set of self-balancing accounts which reflect assets, liabilities, fund equity, revenues, and expenditures. Governmental Accounting Standards Board (GASB) Statement #34 requires two district-wide financial statements (Statement of Net Assets-page 4, and Statement of Activities-page 5) combining a broad range of district activities into single financial statements. While these give a look at the big picture of the district financial status, they are difficult to digest for operational details of the District. These two financial statements also include the general fixed assets net of accumulated depreciation, the inflows and outflows of the pension plan, PERA, of which the District is a part of, the related long-term debt for the pension and other post-employment benefits for which the District is responsible, and the total amount of debt owed by the District.

As reflected in the June 30, 2025 Statement of Net Position, total net position increased from $37,973,367 to $44,324,960. The District financial statements reflect a net increase in the governmental activity funds in the amount of $6,351,607. Approximately one-half of the increase is due to the change in the required PERA amounts. Restricted assets, which are now composed of fund balances in the debt service and capital projects funds and required TABOR reserve total $8,101,189. GASB 68 requires all school districts to report their respective share of the pension and opeb liabilities, which was $22,451,496 as of June 30, 2025. The amount of the liability is based on the estimated amount of debt owed by PERA as of December 31, 2024. The amount is not controlled or influenced by the activities of the District.

Comparing the current school year with the previous school year, the expenditures per the statement of activities is shown below. +-

	Current Year	Prior Year
Instructional Services	$ 15,638,749	$ 13,662,369
Supporting Services	10,365,377	11,656,795
Food Services	1,233,972	1,049,075
Totals	$ 27,238,098	$ 26,368,239

The current statement of activity reflects that revenues exceeded expenses by $6,351,592. As noted above, this increase is partly due to the changes in the PERA amounts.

In the following table, the total revenues and expenditures are shown by fund comparing the current school year with the previous school year. This presentation follows how the total budget is approved and adopted by the board and is used by management and the board to review the financial condition of the District during the year. The total revenues and expenditures shown below do not include transfers.

Fund	2024-25 Revenues	2023-24 Revenues	2024-25 Expenditures	2023-24 Expenditures
General	$ 22,700,330	$ 21,729,653	$ 20,169,829	$ 20,007
Title Programs	407,412	184,501	423,444	184,501
Bond Redemption	3,406,424	3,537,717	2,741,812	2,743,410
Other Governmental	3,450,544	3,122,996	3,535,566	3,172,981
Totals	$ 29,964,710	$ 28,574,867	$ 26,870,651	$ 26,107,937

Fund balances in the governmental funds were as follows:

Fund	2024-25 Ending Fund Balance	2023-24 Ending Fund Balance	Net Change
General	$ 14,468,278	$ 12,181,641	$ 2,286,637
Title Programs	-	-	-
Bond Redemption	5,848,840	5,184,228	664,612
Other Governmental	2,017,283	1,874,473	142,810
Totals	$ 22,334,401	$ 19,240,342	$ 3,094,059

Analysis of Overall Financial Position

While considerable time was taken in previous paragraphs to compare and contrast current and prior year financial information, it would now be appropriate to assess whether the financial position in governmental activities has improved or deteriorated. In the individual fund financial statements, the total fund balances increased $3,094,059 which is approximately $600,000 higher than the prior year increase. A rule of thumb for a general fund is that the ending fund balance of the general should not be less than 30% of current year expenditures, not including transfers. For the school year of 2024-25, the ending fund balance of the general fund was approximately 72%. The percentage for the prior school year, 2023-24, was approximately 61%. Both years indicate that the general fund, and the overall financial health of the District are very good. The board, over the years, has strived to spend as needed, not as budgeted, and to be conservative with the District's funds.

Analysis of Original, Final, and Actual Budget Results for the General Fund

The general fund budgeted expenditures for 2024-25 was $24,345,333 plus budgeted transfers to other funds of $310,173. The largest single category of budgeted expenditures was for capital outlay with a total of $4,726,102. Some of the capital outlay projects planned during 2024-25 did not materialize. As a result the actual capital outlay was $250,990. The board will revisit capital outlay expenditures each year and base the budgeted amount on the projected to be started.

The general fund did not adopt a supplemental budget during 2024-25. For additional budgetary information, see pages 38 and 44.

Summary Comments

As reviewed earlier, the financial standing of the District appears sound. The District continually reviews the financial position of each fund with management during the board meetings. During the budget process, questions are asked about both revenues and expenditures and how changes in each will affect the bottom line of each fund.

Funding sources are continually changing as are expenditures. The current economy will have an impact on revenues and expenditures, but it is to early to make any reasonable prediction. The current revenue shortage for the State of Colorado could impact future state equalization revenues. The voters of Colorado did pass the recent ballot questions regarding revenues for the food service fund so all students receive free meals. While the food service fund currently has a strong fund balance, possible cuts in funding could have a dramatic effect on that fund. If the fund were to need additional funding, the general fund could transfer funds as needed, but only to the extent of not compromising the financial viability of the general fund.

The current debt the district has should be paid in full during 2038. When that happens the mill levy for the debt will go away. Based on the current interest rates being paid on the bonds and certificates of deposit and being received on interest bearing accounts, the board will not research if the bonds and/or certificates of participation should be refinanced. If interest rates change enough in the future, the board might research refunding the debt to save the voters some costs by having a lower interest rate on one for both debts.

If additional information is required, please contact the Director of Finance at 970-842-5176 or by mail at 527 Industrial Park Road, Brush Colorado 80723.

Basic Financial Statements

Brush School District RE-2(J)
Statement of Net Position
June 30, 2025

	Governmental Activities
ASSETS	
Cash and Equivalents	$ 32,029,177
Investments	323,609
Receivables	256,371
Due from Other Governmental Agencies	337,088
Other Receivables	147,511
Inventories	49,188
Capital Assets:	
Capital assets, net of depreciation	70,821,574
Total Capital Assets	70,821,574
DEFERRED OUTFLOWS OF RESOURCES	
Pension	6,593,338
OPEB	61,150
Total Assets	110,619,006
LIABILITIES	
Accounts payable and accrued expenses	1,704,806
Unearned Revenues	9,103,734
Long-term liabilities:	
Due within one year:	
Current portion of long-term debt	1,841,797
Accrued interest	82,528
Due in more than one year:	
Long-term debt	27,373,798
net pension and OPEB Liability	22,451,496
Total liabilities	62,558,159
DEFERRED INFLOWS OF RESOURCES	
Pension	3,505,809
OPEB	230,078
Total Deferred Inflows	3,735,887
NET POSITION	
Net investment in capital assets	41,523,451
Restricted:	
Debt Service	1,694,280
Capital projects	5,600,909
TABOR	806,000
Unrestricted	(5,299,680)
Total net position	$ 44,324,960

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

Brush School District RE-2(J)
Statement of Activities
For the Year Ended June 30, 2025

		Program Revenue		Net (Expense) Revenue and Changes in Net Position Primary Government
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Governmental Activities**
Primary government				
Governmental Activities				
Instructional	$ 15,638,749	$ -	$ 3,092,226	$ (12,546,523)
Supporting Services	10,365,377	305,793	865,317	(9,194,267)
Food Service	1,233,972	43,976	1,394,600	204,604
Total primary government	$ 27,238,098	$ 349,769	$ 5,352,143	(21,536,186)
General revenues:				
Taxes:				
Property taxes, levied for general purposes				9,125,266
Property taxes, levied for debt service				3,217,433
Specific ownership				1,023,726
State & federal aid not restricted to specific functions:				
State equalization/Per pupil revenue				7,989,766
Unrestricted investment earnings				973,676
Miscellaneous				5,557,911
Total general revenues, special items, and transfers				27,887,778
Change in net position				6,351,592
Net position - beginning				37,973,368
Net position - ending				$ 44,324,960

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

Brush School District RE-2(J)
Balance Sheet
Governmental Funds
June 30, 2025

	General	Title Programs	Bond Redemption	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	$ 24,844,000	$ -	$5,785,615	$ 1,399,559	$ 32,029,174
Investments	-	-	-	323,609	323,609
Property taxes receivable, net	193,146	-	63,225	-	256,371
Due from other funds	115,108	-	-	14,031	129,139
Receivable from other governments	34,546	100,314	-	276,146	411,006
Other receivables	-	-	-	73,593	73,593
Inventories	-	-	-	49,188	49,188
Total assets	25,186,800	100,314	5,848,840	2,136,126	33,272,080
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	37,411	5,322	-	83,455	126,188
Due to other funds	92,159	22,886	-	14,094	129,139
Unearned revenue	9,072,106	31,628	-	-	9,103,734
Other accrued expenses	1,516,846	40,478	-	21,294	1,578,618
Total liabilities	10,718,522	100,314	-	118,843	10,937,679
Fund balances:					
Non-spendable inventory	-	-		49,188	49,188
Assigned, new building	343,096	-	-	-	343,096
Debt service	-	-	5,848,840	-	5,848,840
Restricted-TABOR	806,000	-	-	-	806,000
Unassigned	13,319,182	-	-	-	13,319,182
Committed, reported in non-major:					
Special revenue funds	-	-	-	1,716,054	1,716,054
Permanent Endowment Fund	-	-	-	252,041	252,041
Total fund balances	14,468,278	-	5,848,840	2,017,283	22,334,401
Total liabilities and fund balances	$ 25,186,800	$ 100,314	$5,848,840	$ 2,136,126	$ 33,272,080

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

Brush School District RE-2(J)
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2025

Total fund balance, governmental funds	$ 22,334,401
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.	70,821,574
Certain other long-term assets are not available to pay current period expenditures and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position: Pension Plan Deferred Outflow	6,654,488
Some liabilities, (such as Notes Payable, Long-term Compensated Absences, Net Pension Liability, Pension Differences-Deferred Outflow and Bonds Payable), are not due and payable in the current period and are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Position.	(55,402,975)
Accrued interest on long-term debt is not due and payable in the current period and therefore is not reported as a fund liability.	(82,528)
Net Position of Governmental Activities in the Statement of Net Position	$ 44,324,960

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

Brush School District RE-2(J)
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2025

	General	Title Programs	Bond Redemption	Other Governmental Funds	Total Governmental Funds
REVENUES					
Student Activities	$ -	$ -	$ -	$ 545,937	$ 545,937
Intergovernmental	-	-	-	2,103,420	2,103,420
Investment earnings	-	-	-	35	35
Local Revenues	12,977,035	-	3,406,424	801,152	17,184,611
State revenues	9,403,065	-	-	-	9,403,065
Federal revenues	320,230	407,412	-	-	727,642
Total revenues	22,700,330	407,412	3,406,424	3,450,544	29,964,710
EXPENDITURES					
Instructional	11,224,223	423,444	-	694,058	12,341,725
Supporting Services	8,647,277	-	-	2,734,871	11,382,148
Debt Service:					
Principal	47,339	-	1,691,447	-	1,738,786
Interest Expense	-	-	1,050,365	-	1,050,365
Capital Outlay	250,990	-	-	106,637	357,627
Total Expenditures	20,169,829	423,444	2,741,812	3,535,566	26,870,651
Excess (deficiency) of revenues over expenditures	2,530,501	(16,032)	664,612	(85,022)	3,094,059
OTHER FINANCING SOURCES (USES)					
Transfers in	-	16,032	-	227,832	243,864
Transfers out	(243,864)	-	-	-	(243,864)
Total other financing sources and uses	(243,864)	16,032	-	227,832	-
SPECIAL ITEM					
Net change in fund balances	2,286,637	-	664,612	142,810	3,094,059
Fund balances - beginning	12,181,641	-	5,184,228	1,874,473	19,240,342
Fund balances - ending	$ 14,468,278	$ -	$5,848,840	$ 2,017,283	$ 22,334,401

Brush School District RE-2(J)
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

Net change in fund balances - total governmental funds:	$	3,094,059
Amounts reported for Governmental Activities in the Statement of Activities are different because:		
Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period. This is the amount by which capital outlay of $357,627 is less than depreciation of $2,640,073 in the current period.		(2,282,446)
Governmental funds report bond proceeds as current financial resources. In contrast, the Statement of Activities treats such issuance of debt as a liability. Governmental funds report repayment of bond principal as an expenditure, In contrast, the Statement of Activities treats such repayments as a reduction in long-term liabilities. This is the amount by which repayments were less than proceeds.		1,738,786
Some expenses reported in the statement of activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds:		
Adjustment in interest expense		5,890
Net difference between PERA pension and OPEB actual expense contributions		3,795,303
Change in net position of governmental activities	$	6,351,592

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

Note 1 Summary of Significant Accounting Policies

The financial statements of the Brush School District No. RE-2(J) (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.

Reporting Entity

The Brush School District No. RE-2(J) is a school district governed by an elected seven-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 numbers 2 and 3 above. Based on these criteria, the District has no component units.

Fund Accounting

The District uses funds to report on 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 funds.

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

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

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

Designated Purpose Grants Fund – This fund is a special revenue fund used to record financial transactions for grants received for designated programs funded by federal, state or local sources.

Bond Redemption Fund – This fund is a debt service fund used to account for the revenues from a specific tax levy for the purpose of the repayment of debt principal, interest and other fiscal charges.

The following are the District's nonmajor governmental funds:

Food Service Fund – This fund is a special revenue fund used to account for the financial transactions related to food service operations.

Pupil Activity Fund – This fund is a special revenue fund used to record financial transactions related to school-sponsored pupil organizations and activities.

Head Start Fund – This fund is a special revenue fund used to account for expenditures related to the Head Start Program.

Scholarship Fund – This fund is a special revenue fund used to record the financial transactions related to contributions and earnings that are used to award scholarships to area students.

Child Care Center Fund – This fund is a special revenue fund used to account for the financial activities associated with the District's child care center operations.

Fiduciary Funds focus on net position and changes in net position. The fiduciary fund category is split into four classifications: pension (and other employee benefit) trust funds, investment trust funds, private-purpose trust funds and custodial funds. Trust funds are used to account for assets held by the District under a trust agreement for individuals, private organizations or other governments and are therefore not available to support the District's own programs. The District has one private-purpose trust fund, the Scholarship Trust Fund.

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.

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. Fiduciary funds are reported by fund type.

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.

Fiduciary funds focus on net position and changes in net position and are reported using accounting principles similar to proprietary funds. The District's fiduciary funds are presented in the fiduciary fund financial statements by type. Since by definition these assets are being held for the benefit of a third party and cannot be used to address the activities or obligations of the District, these funds are not incorporated into the government-wide financial statements.

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. Fiduciary funds also use the 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.

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.

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.

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.

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.

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:

Buildings and improvements	10 – 40 Years
Licensed vehicles	5 – 20 Years
Equipment	5 – 20 Years

Compensated Absences

The District reports compensated absences in accordance with the provisions of GASB Statements. Compensated absences benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the District will compensate the employees for the benefits through paid time off or some other means. Accumulated general leave benefits are paid to employees upon termination of employment.
Each full-time classified staff member employed on a 12-month basis shall be granted a two-week vacation after one year of regular employment and three weeks' vacation after 10 years of service to the school district. Part-time personnel employed 12 months per year shall receive the same number of vacation days as provided to full-time 12-month employees in accordance with the regular daily hours worked subject to regulations adopted by the Board. Accumulated leave is paid upon termination of employment.

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 noncurrent portion of the liability is not reported.

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.

Accrued Liabilities and Long-term Obligations

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

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, the noncurrent portion of compensated absences that will be paid from governmental funds is reported as a liability in the fund financial statements only to the extent that they will be paid with current, expendable, available financial resources. Bonds payable and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements until due.

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.

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.

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.

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.

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.

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 2 Cash and Deposits

Cash and Deposits

Colorado State statutes govern the District's deposit of cash. The Public Deposit Protection Acts (PDPA) for banks and savings and loans require state regulators to certify eligible depositories for public deposits. The PDPA requires 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 $31,806,933, of which $500,000 was insured and $31,306,933 was collateralized with securities held by the pledging institution's trust department or agent in the District's name.

Investments

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

- 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 Banker's 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.

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.

The District also had cash with the County Treasurer of $148,146.

Note 3 Receivables

Receivables at year-end consist of the following:

	Governmental Activities
Property tax receivables	$ 256,371
Grant receivables	411,006
Other receivables	147,511
Total	$ 814,888

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

Note 4 **Interfund Transactions**

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

Governmental Funds	Interfund Receivables	Interfund Payables
General fund	$ 115,108	$ 92,159
Title Programs	-	22,886
Other governmental	14,031	14,094
Total	$ 129,139	$ 129,139

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.

Note 5 **Capital Assets**

Capital asset activity for the year was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets, not being depreciated:				
Land	$ 787,417	$ -	$ -	$ 787,417
Capital assets, being depreciated:				
Land improvements	413,995	-	-	413,995
Buildings and improvements	100,092,853	-	-	100,092,853
Leased equipment	248,531	-	-	248,531
Vehicles	1,952,486	-	-	1,952,486
Equipment	2,457,869	357,627	-	2,815,495
Total	105,165,734	357,627	-	105,523,360
Less accumulated depreciation:				
Land improvements	(45,825)	(10,350)	-	(56,175)
Buildings and improvements	(29,742,655)	(2,367,387)	-	(32,110,042)
Leased equipment	(30,628)	(79,364)	-	(109,992)
Vehicles	(1,214,334)	(65,795)	-	(1,280,129)
Equipment	(1,815,688)	(117,177)	-	(1,932,865)
Total	(32,849,130)	(2,640,073)	-	(35,489,203)
Capital assets, net	$ 73,104,021	$ (2,282,446)	$ -	$ 70,821,574

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

Governmental Activities:	
Instruction	$ 41,688
Operations and maintenance	83,612
Student transportation	81,425
Central support	28,638
Food service operations	31,018
Unallocated	2,373,691
Total	$ 2,640,073

Note 6 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 $1,010,114. Accordingly, this accrued compensation is reflected as a liability in the accompanying financial statements.

Note 7 Long-Term Debt

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

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Governmental Activities:					
Compensated absences	$ 35,115	$ -	$ -	$ 35,115	$ -
Bonds payable	5,280,000	-	(275,000)	5,005,000	285,000
Bond premium	596,166	-	(44,993)	551,173	44,993
Certificates of participation	24,851,554	-	(1,416,447)	23,435,107	1,464,465
Leases payable	191,546	-	(47,339)	144,207	47,339
Total	$ 30,954,381	$ -	$ (1,783,779)	$ 29,170,602	$ 1,841,797

Payments on the bonds and certificates of participation are made in the Bond Redemption Fund, while payments on the lease payable are made in the General Fund.

The District believes that the current portion of compensated absence is negligible and is therefore not reported.

Bonds Payable

$6,055,000 general obligation bonds, dated October 30, 2017, due in annual installments beginning in fiscal year 2022 ranging from $250,000 to $500,000, varying annual interest rates from 3.00% to 5.00%, payable semi-annually on June 1st and December 1st.

Certificates of Participation

In December 2017, the District issued $32,444,245 Certificates of Participation, Series 2017. Principal payments are due in annual installments beginning in fiscal year 2018 ranging from $1,177,386 to $2,184,848; fixed annual interest rate of 3.390%, payable semi-annually on June 1st and December 1st.

The following schedule represents the District's debt service requirements to maturity for its bonds payable and certificates of participation:

	Bonds Payable		Certificates of Participation	
	Principal	Interest	Principal	Interest
2026	$ 285,000	$ 220,706	$ 1,464,465	$ 769,627
2027	300,000	207,506	1,514,110	719,141
2028	315,000	193,706	1,565,438	666,942
2029	325,000	179,281	1,618,507	612,974
2030	345,000	162,531	1,673,374	557,177
2031	360,000	144,906	1,730,101	499,488
2032	380,000	126,406	1,788,752	439,843
2033	395,000	107,031	1,849,390	378,177
2034	415,000	86,781	1,912,085	314,420
2035	440,000	65,406	1,976,904	248,502
2036	460,000	42,906	2,043,922	180,348
2037	485,000	23,828	2,113,211	109,885
2038	500,000	8,127	2,184,848	37,035
	$ 5,005,000	$ 1,569,121	$ 23,435,107	$ 5,533,559

Leases Payable

$248,531 has been recorded as intangible right to use leases in the Governmental Activities capital assets. Due to the implementation of GASB Statement No. 87, these leases for copy machines met the criteria of a lease; thus, requiring them to be recorded by the District. These assets will be amortized over the lease term of 63 months since it is shorter than the useful life and the District is not taking ownership of the equipment. There are no residual value guarantees in the lease provisions. Two of the three leases will end in fiscal year 2028, while one of the leases will end in fiscal year 2029. A summary of the principal amounts for the remaining leases are as follows:

Year Ended June 30:	Principal
2026	$ 47,339
2027	47,339
2028	46,081
2029	3,448
Total	$ 144,207

Note 8 **Defined Benefit Pension Plan**

Summary of Significant Accounting Policies

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

General Information about the Pension Plan

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

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.

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

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

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

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

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

Contributions provisions as of June 30, 2025: Eligible employees of 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:

	January 1, 2024 Through December 31,2025
Employer contribution rate	11.40%
Amount of employer contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f)	(1.02%)
Amount apportioned to the SCHDTF	10.38%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	4.50%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	5.50%
Total employer contribution rate to the SCHDTF	20.38%

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

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from the District were $49,543 for the year ended June 30, 2025.

For purposes of GASB 68 paragraph 15, a circumstance exists in which a non-employer 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 (actual dollars) 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 Trust Fund, and Denver Public Schools Division Trust Fund.

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

The net pension liability for the SCHDTF was measured as of December 31, 2024, and the total pension liability (TPL) used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2023. Standard update procedures were used to roll-forward the TPL to December 31, 2024. The 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 non-employer contributing entity.

On June 30, 2025, the District reported a liability of $22,025,338 for its proportionate share of the net pension liability that reflected a reduction for support from the State as a non-employer 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:

The District's proportionate share of the net pension liability	$ 22,025,338
The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the District	1,978,225
Total	$ 24,003,563

On December 31, 2024, the District proportion was 0.139116%, which was approximately the same as its proportion measured as of December 31, 2023.

On June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 1,359,285	$ -
Changes of assumptions or other inputs	179,958	-
Net difference between projected and actual earnings on pension plan investments	3,958,690	3,505,809
Contributions subsequent to the measurement date	1,095,404	-
Total	$ 6,593,337	$ 3,505,809

$1,095,404 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	
2025	$ 1,278,969
2026	1,687,330
2027	(651,182)
2028	(322,993)
2029	-
Thereafter	-

Actuarial assumptions. The TPL in the December 31, 2023, actuarial valuation was determined using the following actuarial cost method, actuarial assumptions, and other inputs:

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

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

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

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

	Mortality Table	Adjustments, as Applicable
Pre-Retirement	PubT-2010 Employee	N/A
Post-Retirement (Retiree), Non-Disabled	PubT-2010 Healthy Retiree	Males: 106% of the rates for all ages Females: 86% of the rates prior to age 85/ 115% of the rates 85 and older
Post-Retirement (Beneficiary), Non-Disabled	Pub-2010 Contingent Survivor	Males: 92% of the rates for all ages Females: 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:

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

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

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

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00%.

- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the scheduled increases in SB 18-200 and required adjustments resulting from the 2018 and 2020 AAP assessments. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.

- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the scheduled increase in SB 18-200 and required adjustments resulting from the 2018 and 2020 AAP assessments. Employer contributions also include current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103%, at which point the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions reflect reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.

- As specified in law, the State, as a nonemployer contributing entity, will provide an annual direct distribution of $225 million (actual dollars), commencing July 1, 2018, that is proportioned between the State, School, Judicial, and DPS Division Trust Funds based upon the covered payroll of each Division. The annual direct distribution ceases when all Division Trust Funds are fully funded.

- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.

- The AIR balance was excluded from the initial FNP, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the FNP and the subsequent AIR benefit payments were estimated and included in the projections.

- Benefit payments and contributions were assumed to be made at the middle of the year.

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

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% increase (8.25%)
Proportionate share of the net pension liability	$ 29,861,254	$ 22,025,338	$ 15,461,663

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

Note 9 Defined Contribution Pension Plans

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.

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 provide a matching contribution to the 401(k) plan.

Deferred Compensation Plan (PERAPlus 457 Plan)

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

Funding Policy. The PERAPlus 457 Plan is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1603 of the C.R.S., as amended. The District does not provide a matching contribution to the 457 Plan.

Note 10 Defined Benefit Other Post Employment Benefit (OPEB) Plan

Summary of Significant Accounting Policies

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

General Information about the OPEB Plan

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

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

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

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

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

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

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 $109,647 for the year ended June 30, 2025.

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

On June 30, 2025, the District reported a liability of $426,158 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2024, and the total OPEB liability (TOL) used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2023. Standard update procedures were used to roll-forward the TOL to December 31, 2024. PSAS'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.

On December 31, 2024, the District's proportion was 0.08906%, which was approximately the same as its proportion measured as of December 31, 2023.

For the year ended June 30, 2025, the District recognized OPEB income of $12,715. On June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ -	$ 93,942
Changes of assumptions or other inputs	4,883	136,136
Net difference between projected and actual earnings on pension plan investments	1,444	-
Contributions subsequent to the measurement date	54,823	N/A
Total	$ 61,150	$ 230,078

$54,823 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30:	
2025	$ (65,426)
2026	(38,569)
2027	(52,666)
2028	(32,521)
2029	(22,440)
Thereafter	$ (12,127)

Actuarial assumptions. The TOL in the December 31, 2023 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

	HCTF
	School Division
Actuarial cost method	Entry age
Price inflation	2.30%
Real wage growth	0.70%
Wage inflation	3.00%
Salary increases, including wage inflation:	
Members other than Safety Officers	3.40%-11.00%
Safety Officers	N/A
Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Health care cost trend rates:	
PERA benefit structure:	
Service-based premium subsidy	0.00%
PERACare Medicare plans	16.00% in 2024, then 6.75% in 2025, gradually decreasing to 4.50% in 2034
MAPD PPO #2	105.00% in 2024, then 8.55% in 2025, gradually decreasing to 4.50% in 2034
Medicare Part A premiums	3.50% in 2024, gradually increasing to 4.50% in 2033
DPS benefit structure:	
Service-based premium subsidy	0.00%
PERACare Medicare plans	N/A
Medicare Part A premiums	N/A

As of the December 31, 2024, measurement date, the FNP and related disclosure components for the HCTF reflect payments related to the disaffiliation of Tri-County Health Department as a PERA-affiliated employer, effective December 31, 2022. The additional employer disaffiliation payment allocations to the HCTF and Local Government Division Trust Fund were $20 and $486, respectively.

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

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%

	MAPD PPO #1 with Medicare Part A		MAPD PPO #1 without Medicare Part A	
	Retiree/Spouse		Retiree/Spouse	
Sample Age	Male	Female	Male	Female
65	$ 1,710	$ 1,420	$ 6,536	$ 5,429
70	$ 1,921	$ 1,589	$ 7,341	$ 6,073
75	$ 2,122	$ 1,670	$ 8,110	$ 6,385

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

	MAPD HMO (Kaiser) with Medicare Part A		MAPD HMO (Kaiser) without Medicare Part A	
	Retiree/Spouse		Retiree/Spouse	
Sample Age	Male	Female	Male	Female
65	$ 1,897	$ 1,575	$ 7,063	$ 5,866
70	$ 2,130	$ 1,763	$ 7,933	$ 6,563
75	$ 2,353	$ 1,853	$ 8,763	$ 6,900

The 2024 Medicare Part A premium is $505 (actual dollars) per month.

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

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 total OPEB liability are summarized in the table below:

Year	PERACare Medicare Plans[1]	MAPD PPO #2[1]	Medicare Part A Premiums
2024	16.00%	105.00%	3.50%
2025	6.75%	8.55%	3.75%
2026	6.50%	8.10%	3.75%
2027	6.25%	7.65%	4.00%
2028	6.00%	7.20%	4.00%
2029	5.75%	6.75%	4.25%
2030	5.50%	6.30%	4.25%
2031	5.25%	5.85%	4.25%
2032	5.00%	5.40%	4.25%
2033	4.75%	4.95%	4.50%
2034+	4.50%	4.50%	4.50%

[1]Increase in 2024 trend rates due to the effect of the Inflation Reduction Act.

Mortality assumptions used in the December 31, 2023, valuation for the School Division Trust Fund as shown below, reflect generational mortality and were applied, as applicable, in the December 31, 2023, valuation for the HCTF, but developed on 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 School Division participate in the HCTF.

Pre-Retirement	Mortality Table	Adjustments, as Applicable
School and DPS Divisions	PubG-2010 Employee	N/A
Post-Retirement (Retiree), Non-Disabled	**Mortality Table**	**Adjustments, as Applicable**
School and DPS Divisions	PubT-2010 Healthy Retiree	Males: 112% of the rates prior to age 80 / 94% of the rates age 80 and older Females:83% of the rates prior to age 80 / 106% of the rates age 80 and older
Post-Retirement (Beneficiary), Non-Disabled	**Mortality Table**	**Adjustments, as Applicable**
All Beneficiaries	Pub-2010 Contingent Survivor	Males: 97% of the rates for all ages Females: 105% of the rates for all ages
Disabled	**Mortality Table**	**Adjustments, as Applicable**
Members other than Safety Officers	PubNS-2010 Disabled Retiree	99% of the rates for all ages

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.

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:

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

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

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

	1% Decrease In Trend Rates	Current Trend Rates	1% Increase In Trend Rates
Initial PERACare Medicare trend rate[1]	5.75%	6.75%	7.75%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial MAPD PPO#2 trend rate[1]	7.55%	8.55%	9.55%
Ultimate MAPD PPO#2 trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate[1]	2.75%	3.75%	4.75%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB liability			
HCTF	$ 521,935	$ 426,158	$ 343,088

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

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 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.

Based on the above assumptions and methods, the HCTF'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 OPEB plan investments was applied to all periods of projected benefit payments to determine the TOL. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25%. There was no change in the discount rate from the prior measurement date.

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% increase (8.25%)
Proportionate share of the net OPEB liability	$ 414,446	$ 426,158	$ 438,876

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

Note 11 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 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.

Note 12 **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 requirements by the entire electorate. During the year ended June 30, 2002, 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 $806,000 for the emergency reserve.

Local Government Budget Law

Expenditures in the Title Programs, Food Service, and the Scholarship Funds exceeded their appropriations which may be in violation of Colorado Local Government Budget Laws.

Note 13 **Joint Ventures**

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

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

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

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

Separate financial statements of the Centennial Board of Cooperative Educational Services are available by contacting their administrative office in Greeley, Colorado.

Required Supplementary Information

Brush School District RE-2(J)
Budget and Actual
General
For the year ended June 30, 2025

	Budgeted Amounts		Actual
	Original	Final	
REVENUES			
Local revenues	$ 15,337,560	$ 15,337,560	$ 12,977,035
State revenues	9,007,773	9,007,773	9,403,065
Federal revenues	-	-	320,230
Total revenues	24,345,333	24,345,333	22,700,330
EXPENDITURES			
Instructional	13,174,626	13,174,626	11,224,223
Supporting services	6,444,605	6,444,605	8,647,277
Debt Service:			
Principal	-	-	47,339
Capital Outlay	4,726,102	4,726,102	250,990
Total Expenditures	24,345,333	24,345,333	20,169,829
Excess (deficiency) of revenues over expenditures	-	-	2,530,501
OTHER FINANCING SOURCES (USES)			
Transfers in (out)	(370,173)	(370,173)	(243,864)
Total other financing sources and uses	(370,173)	(370,173)	(243,864)
Net change in fund balances	(370,173)	(370,173)	2,286,637
Fund balances - beginning	9,851,821	9,851,821	12,181,641
Fund balances - ending	$ 9,481,648	$ 9,481,648	$ 14,468,278

Brush School District RE-2(J)
Budget and Actual
Title Programs
For the year ended June 30, 2025

	Budgeted Amounts		Actual
	Original	Final	
REVENUES			
Federal revenues	$ 332,000	$ 362,000	$ 407,412
Total revenues	332,000	362,000	407,412
EXPENDITURES			
Instructional	332,000	362,000	423,444
Total Expenditures	332,000	362,000	423,444
Excess (deficiency) of revenues over expenditures	-	-	(16,032)
Net change in fund balances	-	-	-
Fund balances - beginning	-	-	-
Fund balances - ending	$ -	$ -	$ -

Brush School District RE-2(J)
Schedule of the District's Proportionate Share of the Net Pension Liability
For the Year Ended June 30, 2025

	for the years ended December 31,									
	2024	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**
District's proportion (percentage) of the collective net pension liability	0.1391%	0.1597%	0.1321%	0.1516%	0.1646%	0.1396%	0.1388%	0.1503%	0.1495%	0.1483%
District's proportionate share of the collective pension liability	$ 22,025,339	$ 26,958,765	$ 24,050,407	$ 17,637,096	$ 24,889,605	$ 20,852,730	$ 24,581,851	$ 48,586,470	$ 44,506,341	$ 22,679,462
State's proportionate share of the collective pension liability	1,978,225	1,275,231	7,008,530	2,021,868	-	2,644,904	3,361,227	-	-	-
Total	$ 24,003,564	$ 28,233,996	$ 31,058,937	$ 19,658,964	$ 24,889,605	$ 23,497,634	$ 27,943,078	$ 48,586,470	$ 44,506,341	$ 22,679,462
Payroll	$ 10,749,786	$ 10,555,197	$ 10,186,015	$ 9,471,749	$ 8,800,829	$ 8,201,044	$ 7,631,964	$ 6,930,991	$ 6,708,983	$ 6,462,300
District's proportionate share of the net pension liability as a percentage of its payroll	223.29%	267.49%	236.11%	186.21%	282.81%	254.27%	322.09%	701.00%	663.38%	350.95%
Plan fiduciary net pension as a percentage of the total pension liability	62.47%	64.74%	61.79%	74.86%	66.99%	64.52%	57.01%	43.96%	43.10%	59.20%

Brush School District RE-2(J)
Schedule of the District's Proportionate Share of the Net OPEB Liability
For the Year Ended June 30, 2025

	for the year ended December 31,								
	2024	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**
District's proportion (percentage) of the collective net pension liability	0.0891%	0.0952%	0.1004%	0.0990%	0.0952%	0.0912%	0.0902%	0.0854%	0.0850%
District's proportionate share of the collective OPEB liability	$ 426.158	$ 679.327	$ 819.566	$ 853.288	$ 904.331	$ 1.025.176	$ 1.227.714	$ 1,109.510	$ 1.101.625
Payroll	$ 10.749.786	$ 10.555.197	$ 10.186.015	$ 9.471.749	$ 8.800.829	$ 8.201.044	$ 7.631.964	$ 6.930.991	$ 6.708.983
District's proportionate share of the net pension liability as a percentage of its payroll	3.96%	6.44%	8.05%	9.01%	10.28%	12.50%	16.09%	16.01%	16.42%
Plan fiduciary net pension as a percentage of the total pension liability	59.83%	46.16%	38.57%	39.40%	32.78%	24.49%	17.03%	17.53%	16.72%

GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available.

Brush School District RE-2(J)
Schedule of Contributions and Related Ratios
For the Year Ended June 30, 2025

	for the years ended December 31,									
	2024	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2018**	**2016**	**2015**
Statutory required contributions	$ 2,190,808	$ 2,151,151	$ 2,119,834	$ 1,977,789	$ 1,807,658	$ 1,635,919	$ 1,510,682	$ 1,379,368	$ 1,231,343	$ 1,180,856
Contributions in relation to the statutorily required contribution	2,190,808	2,151,151	2,119,834	1,977,789	1,807,658	1,635,919	1,510,682	1,379,368	1,231,343	1,180,856
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Payroll	$ 10,749,786	$ 10,555,197	$ 10,401,496	$ 9,948,630	$ 9,092,870	$ 8,442,061	$ 7,896,923	$ 7,304,164	$ 6,699,481	$ 6,658,930
Contribution as a percentage of covered payroll	20.38%	20.38%	20.38%	19.88%	19.88%	19.38%	19.13%	18.88%	18.38%	17.73%

Brush School District RE-2(J)
Schedule of Contributions and Related Ratios OPEB
For the Year Ended June 30, 2025

	for the years ended December 31,								
	2024	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**
Statutory required contributions	$ 109,647	$ 107,663	$ 106,095	$ 101,476	$ 92,747	$ 86,109	$ 80,549	$ 74,502	$ 68,335
Contributions in relation to the statutorily required contribution	109,647	107,663	106,095	101,476	92,747	86,109	80549	74,502	68,335
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Payroll	$ 10,749,786	$ 10,555,497	$ 10,401,496	$ 9,948,630	$ 9,092,870	$ 8,442,061	$ 7,896,923	$ 7,304,164	$ 6,699,481
Contribution as a percentage of payroll	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%

GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available.

Brush School District No. RE-2(J)
Notes to Required Supplementary Information
June 30, 2025

Note 1 **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 exits which was not known at the time the budget was adopted.
8. Appropriations lapse at year-end.

Note 2 **Factors Affecting Trends in Amounts Reported in the Pension and OPEB Schedules**

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

Brush School District RE-2(J)
Balance Sheet
Other Governmental Funds
June 30, 2025

	Food Service	Pupil Activity	Scholarship	Child Care Center	Head Start	Total Special Revenue Funds	Fiduciary Funds	Total Governmental Funds
ASSETS								
Cash and cash equivalents	$ 832,384	$ 324,410	$ 222,194	$ -	$ 20,571	$ 1,399,559	$ -	$ 1,399,559
Investments	-	45,523	26,045	-	-	71,568	252,041	323,609
Due from other funds	-	-	-	14,031	-	14,031	-	14,031
Receivable from other governments	276,146	-	-	-	-	276,146	-	276,146
Other receivables	-	-	-	-	73,593	73,593	-	73,593
Inventories	49,188	-	-	-	-	49,188	-	49,188
Total assets	1,157,718	369,933	248,239	14,031	94,164	1,884,085	252,041	2,136,126
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable	678	8,205	-	475	74,097	83,455	-	83,455
Due to other funds	63	-	-	14,031	-	14,094	-	14,094
Other accrued expenses	7,983	-	-	13,311	-	21,294	-	21,294
Total liabilities	8,724	8,205	-	27,817	74,097	118,843	-	118,843
Fund balances:								
Non-spendable-inventories	49,188	-	-	-	-	49,188	-	49,188
Committed	1,099,806	361,728	248,239	(13,786)	20,067	1,716,054	252,041	1,968,095
Total fund balances	1,148,994	361,728	248,239	(13,786)	20,067	1,765,242	252,041	2,017,283
Total liabilities and fund balances	$ 1,157,718	$ 369,933	$ 248,239	$ 14,031	$ 94,164	$ 1,884,085	$ 252,041	$ 2,136,126

Brush School District RE-2(J)
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2025

	Food Service	Pupil Activity	Scholarship	Child Care Center	Head Start	Total Special Revenue Funds	Fiduciary Funds	Total-Other Governmental Funds
REVENUES								
Student Activities	$ -	$ 545,937	$ -	$ -	$ -	$ 545,937	$ -	$ 545,937
Intergovernmental	1,296,262	-	-	-	807,158	2,103,420	-	2,103,420
Investment earnings	-	-	-	-	35	35	-	35
Miscellaneous	143,466	-	108,844	534,306	71	786,687	14,465	801,152
Total revenues	1,439,728	545,937	108,844	534,306	807,264	3,436,079	14,465	3,450,544
EXPENDITURES								
Instruction	-	559,957	132,350	-	-	692,307	1,751	694,058
Supporting services	1,233,972	-	-	711,152	789,747	2,734,871	-	2,734,871
Capital Outlay	106,637	-	-	-	-	106,637	-	106,637
Total Expenditures	1,340,609	559,957	132,350	711,152	789,747	3,533,815	1,751	3,535,566
Excess (deficiency) of revenues over expenditures	99,119	(14,020)	(23,506)	(176,846)	17,517	(97,736)	12,714	(85,022)
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	-	227,832	-	227,832	-	227,832
Total other financing sources and uses	-	-	-	227,832	-	227,832	-	227,832
Net change in fund balances	99,119	(14,020)	(23,506)	50,986	17,517	130,096	12,714	142,810
Fund balances - beginning	1,049,875	375,748	271,745	(64,772)	2,550	1,635,146	239,327	1,874,473
Fund balances - ending	$ 1,148,994	$ 361,728	$ 248,239	$ (13,786)	$ 20,067	$ 1,765,242	$ 252,041	$ 2,017,283

Brush School District RE-2(J)
Budget and Actual
Food Service
For the year ended June 30, 2025

	Budgeted Amounts		Actual
	Original	Final	
REVENUES			
Intergovernmental	$ 806,400	$ 806,400	$ 1,296,262
Local revenues	252,500	252,500	143,466
Total revenues	1,058,900	1,058,900	1,439,728
EXPENDITURES			
Support Services:			
Supporting services	1,152,601	1,252,601	1,233,972
Capital Outlay	-	-	106,637
Total Expenditures	1,152,601	1,252,601	1,340,609
Excess (deficiency) of revenues over expenditures	(93,701)	(193,701)	99,119
Net change in fund balances	(93,701)	(193,701)	99,119
Fund balances - beginning	1,072,946	1,072,946	1,049,875
Fund balances - ending	$ 979,245	$ 879,245	$ 1,148,994

Brush School District RE-2(J)
Budget and Actual
Pupil Activity
For the year ended June 30, 2025

	Budgeted Amounts		Actual
	Original	Final	
REVENUES			
Student activities	$ 350,000	$ 350,000	$ 545,937
Total revenues	350,000	350,000	545,937
EXPENDITURES			
Student activities	350,000	600,000	559,957
Total Expenditures	350,000	600,000	559,957
Excess (deficiency) of revenues over expenditures	-	(250,000)	(14,020)
Net change in fund balances	-	(250,000)	(14,020)
Fund balances - beginning	386,950	386,950	375,748
Fund balances - ending	$ 386,950	$ 136,950	$ 361,728

Brush School District RE-2(J)
Budget and Actual
Head Start
For the year ended June 30, 2025

	Budgeted Amounts		Actual
	Original	Final	
REVENUES			
Intergovernmental	$ 847,783	$ 847,783	$ 807,158
Investment earnings	-	-	35
Miscellaneous	-	-	71
Total revenues	847,783	847,783	807,264
OPERATING EXPENSES			
Supporting services	1,059,729	1,059,729	789,747
Total Operating Expenses	1,059,729	1,059,729	789,747
Operating income (loss)	(211,946)	(211,946)	17,517
OTHER FINANCING SOURCES (USES)			
Transfers in	211,946	211,946	-
Total other financing sources and uses	211,946	211,946	-
Net change in fund balances	-	-	17,517
Fund balances - beginning	-	-	2,550
Fund balances - ending	$ -	$ -	$ 20,067

Brush School District RE-2(J)
Budget and Actual
Scholarship
For the year ended June 30, 2025

	Budgeted Amounts		Actual
	Original	Final	
REVENUES			
Miscellaneous	$ 115,000	$ 115,000	$ 108,844
Total revenues	115,000	115,000	108,844
EXPENDITURES			
Instruction	107,000	107,000	132,350
Total Expenditures	107,000	107,000	132,350
Excess (deficiency) of revenues over expenditures	8,000	8,000	(23,506)
Net change in fund balances	8,000	8,000	(23,506)
Fund balances - beginning	274,428	274,428	271,745
Fund balances - ending	$ 282,428	$ 282,428	$ 248,239

Brush School District RE-2(J)
Budget and Actual
Child Care Center
For the year ended June 30, 2025

	Budgeted Amounts		Actual
	Original	Final	
REVENUES			
Miscellaneous	$ 716,000	$ 716,000	$ 534,306
Total revenues	716,000	716,000	534,306
EXPENDITURES			
Supporting services	874,227	874,227	711,152
Total Expenditures	874,227	874,227	711,152
Excess (deficiency) of revenues over expenditures	(158,227)	(158,227)	(176,846)
OTHER FINANCING SOURCES (USES)			
Transfers in	158,227	158,227	227,832
Total other financing sources and uses	158,227	158,227	227,832
Net change in fund balances	-	-	50,986
Fund balances - beginning	-	-	(64,772)
Fund balances - ending	$ -	$ -	$ (13,786)

Brush School District RE-2(J)
Budget and Actual
Bond Redemption
For the year ended June 30, 2025

	Budgeted Amounts		Actual
	Original	Final	
REVENUES			
Local revenues	1,500,000	$ 1,500,000	$ 3,406,424
Total revenues	1,500,000	1,500,000	3,406,424
EXPENDITURES			
Debt Service:			
Principal	2,738,000	2,748,000	1,691,447
Interest expense	-	-	1,050,365
Total Expenditures	2,738,000	2,748,000	2,741,812
Excess (deficiency) of revenues over expenditures	(1,238,000)	(1,248,000)	664,612
Net change in fund balances	(1,238,000)	(1,248,000)	664,612
Fund balances - beginning	3,025,198	3,025,198	5,184,228
Fund balances - ending	$ 1,787,198	$ 1,777,198	$ 5,848,840

Brush School District RE-2(J)
Budget and Actual
Fiduciary Funds
For the year ended June 30, 2025

	Budgeted Amounts		Actual
	Original	Final	
REVENUES			
Miscellaneous	$ 249	$ 249	$ 14,465
Total revenues	249	249	14,465
EXPENDITURES			
Scholarships	1,000	2,000	1,751
Total Expenditures	1,000	2,000	1,751
Excess (deficiency) of revenues over expenditures	(751)	(1,751)	12,714
Net change in fund balances	(751)	(1,751)	12,714
Fund balances - beginning	230,751	230,751	239,327
Fund balances - ending	$ 230,000	$ 229,000	$ 252,041

Colorado Department of Education
Auditors Integrity Report
District: 2395 - Brush RE-2(J)
Fiscal Year 2024-25
Colorado School District/BOCES

Revenues, Expenditures, & Fund Balance by Fund

Fund Type &Number	Beg Fund Balance & Prior Per Adj (6880*) +	1000 - 5999 Total Revenues & Other Sources	0001-0999 Total Expenditures & Other Uses -	6700-6799 & Prior Per Adj (6880*) Ending Fund Balance =
Governmental				
10 General Fund	12,181,641	22,456,466	20,169,829	14,468,279
18 Risk Mgmt Sub-Fund of General Fund	0	0	0	0
19 Colorado Preschool Program Fund	0	0	0	0
Sub- Total	**12,181,641**	**22,456,466**	**20,169,829**	**14,468,279**
11 Charter School Fund	0	0	0	0
20,26-29 Special Revenue Fund	209,525	1,678,247	1,633,251	254,520
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	1,049,875	1,439,728	1,340,609	1,148,994
22 Govt Designated-Purpose Grants Fund	0	423,444	423,444	0
23 Pupil Activity Special Revenue Fund	375,748	545,937	559,957	361,729
25 Transportation Fund	0	0	0	0
31 Bond Redemption Fund	5,184,228	3,406,424	2,741,812	5,848,840
39 Certificate of Participation (COP) Debt Service Fund	0	0	0	0
41 Building Fund	0	0	0	0
42 Special Building Fund	0	0	0	0
43 Capital Reserve Capital Projects Fund	0	0	0	0
46 Supplemental Cap Const, Tech, Main Fund	0	0	0	0
Totals	**19,001,017**	**29,950,246**	**26,868,902**	**22,082,362**
Proprietary				
50 Other Enterprise Funds	0	0	0	0
64 (63) Risk-Related Activity Fund	0	0	0	0
60,65-69 Other Internal Service Funds	0	0	0	0
Totals	**0**	**0**	**0**	**0**
Fiduciary				
70 Other Trust and Agency Funds	0	0	0	0
72 Private Purpose Trust Fund	239,327	14,465	1,751	252,041
73 Agency Fund	0	0	0	0
74 Pupil Activity Agency Fund	0	0	0	0
79 GASB 34:Permanent Fund	0	0	0	0
85 Foundations	0	0	0	0
Totals	**239,327**	**14,465**	**1,751**	**252,041**

FINAL

12/16/25 3:39 PM

*If you have a prior period adjustment in any fund (Balance Sheet 6880), the amount of your priorperiod adjustment is added into both your ending and beginning fund balances on this report.

Single Audit

Brush School District RE-2(J)
Schedule of Expenditure of Federal Awards
For the Year Ended June 30, 2025

GRANT TITLE	GRANT CODE	FEDERAL ALN	AMOUNT OF AWARD EXPENDED	
DEPARTMENT OF AGRICULTURE:				
National School Lunch Program Cluster				
Summer Food Service Program	4559	10.559	146,711	
Seamless Summer Option Breakfast	5553	10.553	223,976	
National School Lunch Program	4555	10.555	666,205	
Commodities Received	4555	10.555	75,454	
Cluster Total				1,112,346
State Reimbursement-FFVP	4582	10.582	3,150	
				3,150
DEPARTMENT OF EDUCATION/COLORADO DEPT OF EDUCATION				
ESSR Pt. III	4414	84.425-ESF	228,392	
Work Force Investment	4461	84.461	89,838	
Credit Enhancement for Charter School Facilities	7354	84.354	2,000	
				320,230
DEPARTMENT OF HEALTH AND HUMAN SERVICES:				
Head Start Cluster				
Head Start	4600	93.360	807,158	
				807,158
TOTAL FEDERAL FINANCIAL AWARDS				$2,242,884

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE 1: BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Brush School District RE-2(J) and is presented on the modified accrual basis of accounting.

Brush School District RE-2(J) also received non-cash commodities of $75,454 which is valued at amounts determined by the Colorado Department of Education and USDA.

Brush School District RE-2(J) does not use the de minimis cost rate.

Brush School District RE-2(J) did not have any sub-recipients.

Independent Auditor's Report

Board of Education
Brush School District RE-2 (J)

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Brush School District RE-2 (J) as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Brush School District RE-2 (J)'s basic financial statements, and have issued our report thereon dated January 13, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Brush School District RE-2 (J)'s internal control over financial reporting (internal control) as a basis for designing procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Brush School District RE-2 (J)'s internal control. Accordingly, we do not express an opinion on the effectiveness of internal control.

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

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

rfarmer, llc a certified public accounting and consulting firm

po box 1173 122 north main street lamar, colorado 81052 719.336.7428 719.336.2982

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Brush School District RE-2 (J)'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Purpose of this Report

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

rfarmer, llc

January 13, 2026

Independent Auditor's Report

Board of Education
Brush School District RE-2 (J)

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Brush School District RE-2 (J)'s compliance with the types of compliance requirements[1] identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect[2] on each of Brush School District RE-2 (J)'s major federal programs for the year ended June 30, 2025. Brush School District RE-2 (J)'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Brush School District RE-2 (J) complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of Brush School District RE-2 (J) and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Brush School District RE-2 (J)'s compliance with the compliance requirements referred to above.

rfarmer, llc a certified public accounting and consulting firm

po box 1173 122 north main street lamar, colorado 81052 719.336.7428 719.336.2982

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Brush School District RE-2 (J)'s federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Brush School District RE-2 (J)'s compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Brush School District RE-2 (J)'s compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Brush School District RE-2 (J)'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Brush School District RE-2 (J)'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Brush School District RE-2 (J)'s internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

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

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

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

rfarmer, llc

January 13, 2026

Brush School District RE-2(J)
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2025

Section I: Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: **Unmodified**

Internal control over financial reporting:		
• Material weakness(es) identified?	____ Yes	_X_ No
• Significant deficiency(ies) identified?	____ Yes	_X_ None Reported
Noncompliance material to financial statements noted?	____ Yes	_X_ No

Federal Awards

Internal control over major federal programs:			
• Material weakness(es) identified?		____ Yes	_X_ No
• Significant deficiency(ies) identified?		____ Yes	_X_ None Reported
Type of auditor's report issued on compliance for major federal programs:		**Unmodified**	
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?		____ Yes	_X_ No
Identification of major federal programs:			
Assistance Listing Number(s)	10.553 10.559	Name of Federal Program or Cluster	National School Lunch Program Cluster
Dollar threshold used to distinguish between type A and type B programs:		$ 750,000	
Auditee qualified as a low-risk auditee?		_X_ Yes	____ No

Section II: Financial Statement Findings

There are no findings to report.

Section III: Federal Awards Findings

There are no findings to report.