

# SOUTH ROUTT SCHOOL DISTRICT RE-3
**OAK CREEK, COLORADO**

# FINANCIAL STATEMENTS
**AND THE INDEPENDENT AUDITOR'S REPORT**

# FOR THE FISCAL YEAR ENDED
# JUNE 30, 2025

**SOUTH ROUTT SCHOOL DISTRICT RE-3**
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# INDEPENDENT AUDITOR'S REPORT

Board of Education
South Routt School District RE-3
Oak Creek, Colorado

## Report on the Audit of the Financial Statements

### Opinions

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

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

### Basis of Opinions

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

### Responsibilities of Management for the Financial Statements

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

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

### Emphasis of Matter

As described in Note 11 to the financial statements, as of and for the year ended June 30, 2024, have been restated to correct a misstatement. Our opinion is not modified with respect to this matter.

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

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

**Required Supplementary Information**

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

**Supplementary Information**

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

DMC Auditing and Consulting, LLC

September 21, 2026
Bailey, Colorado

# South Routt School District RE-3

Management's Discussion and Analysis
June 30, 2025

As management of South Routt School District RE-3 (the "District"), we offer readers of the District's annual financial report this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2025. We encourage readers to consider the information presented here in conjunction with additional information provided in the accompanying financial statements.

## Financial Highlights

As of June 30, 2025, the District's net position increased by $135,001 to $9,187,376. As of June 30, 2025, the District's governmental funds reported an ending fund balance of $4,516,221, an increase of $3,727,335 from the prior year.

The operations of the District are funded primarily by local property taxes and state equalization dollars through the annual School Finance Act. Local property tax for the year was $8,672,339 and state equalization for the year was $1,926,334. Due to audit delays and non-compliance with the audit requirements per the Colorado Revised Statutes (C.R.S), the District received a large amount of property taxes previously withheld by the County Treasurer due to the completion of the FY 2024 audit.

## Overview of the Financial Statements

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

### *Government-Wide Financial Statements*

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business. The government-wide financial statements include the statement of net position and the statement of activities.

The *Statement of Net Position* presents information on all the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of the financial health of the District.

The S*tatement of Activities* presents information showing how the District's net position changed during the most recent fiscal year. Changes in net position are reported as soon as the underlying event affecting the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and changes in long-term compensated absences).

The government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities). All the District's basic services are included in governmental activities, including instructional services, supporting services, and food services.

### *Fund Financial Statements*

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The fund financial statements provide more detailed information about the operations of the District by fund instead of the District as a whole. All of the funds of the District are governmental funds.

#### Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental funds financial statements focus on current sources and uses of spendable resources, as well as balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains three major governmental funds – the General Fund, Transportation Fund, and the Capital Construction Fund. The District also maintains three nonmajor governmental funds – the Food Service Fund, Student Activity Fund, and Debt Service Fund.

The District adopts an annual appropriated budget for all its funds. Budgetary comparison statements have been provided for all funds to demonstrate compliance with state budget statutes.

### *Notes to the Financial Statements*

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

## Government-Wide Financial Analysis

As noted previously, net position may serve over time as a useful indicator of the District's financial position. For the fiscal year ended June 30, 2025, the District's net position was $9,187,340. This position includes a net pension liability in the amount of $9,007,558, representing the District's proportionate share of the School Division Trust Fund pension liability, administered by the Public Employees' Retirement Association of Colorado (PERA). The District reports this net pension liability, and associated deferred inflows and outflows of resources, as required by GASB (Governmental Accounting Standards Board) 68. The District's net position also includes a net OPEB (Other Post-Employment Benefits) liability in the amount of $159,820, representing the District's proportionate share of the defined benefit Health Care Trust Fund, administered by PERA. The District reports this net OPEB liability, and associated deferred inflows and outflows of resources, as requirement by GASB 75. More information regarding the net pension and OPEB liabilities may be found in the notes to the financial statements.

Of the District's total net position, $8,904,694 is invested in capital assets, $395,000 is restricted to comply with Article X, Section 20 of the Colorado Constitution, known as the TABOR Amendment, and $266,290 is restricted for debt service.

**South Routt School District RE-3's Net Position**

| | Governmental Activities | |
|---|---|---|
| | **2025** | **2024** |
| **Assets:** | | |
| Current and other assets | $ 9,549,271 | $ 8,879,659 |
| Capital assets, net | 8,904,694 | 9,290,208 |
| **Total Assets** | 18,453,965 | 18,169,867 |
| **Deferred outflow of resources** | 1,794,777 | 2,588,109 |
| **Liabilities:** | | |
| Other liabilities | 1,137,902 | 779,121 |
| Long-term liabilities | 9,378,242 | 10,429,867 |
| **Total Liabilities** | 10,516,144 | 11,208,988 |
| **Deferred inflow of resources** | 545,222 | 361,648 |
| **Net Position:** | | |
| Net Investment in Capital Assets | 8,904,694 | 9,290,208 |
| Restricted | 661,290 | 464,290 |
| Unrestricted | (378,608) | (567,158) |
| **Total Net Position** | $ 92,187,376 | $ 9,187,340 |

Note: The District restated the ending fund balance for the fiscal year ended June 30, 2024, due to corrections of errors related to payroll tax expenditures that should have been recorded during fiscal year ended June 30, 2024 (prior year). The restated fund balance as of June 30, 2024, was $134,965.

Of the District's total assets, 48% are capital assets (e.g. land, buildings, and equipment). The District uses these assets to provide instruction and related services to its students.

## South Routt School District RE-3's Change in Net Position

| | Governmental Activities | |
|---|---|---|
| | 2025 | 2024 |
| **Revenues:** | | |
| Program revenues: | | |
| Charges for services | $ 321,588 | $ 357,230 |
| Operating grants & contributions | 2,286,341 | 2,575,532 |
| General revenues: | | |
| Property taxes | 5,405,104 | 5,171,807 |
| Specific ownership taxes | 369,585 | 198,868 |
| State equalization income | 1,926,334 | 1,547,472 |
| Grants and contributions not restricted to specific programs | - | 73,575 |
| Mineral Leases | 654 | 1,289 |
| Investment income | 264,336 | 311,553 |
| Other | 210,450 | 46,922 |
| Gain on disposal of assets | - | - |
| **Total Revenues** | 10,784,392 | 10,284,248 |
| **Expenses:** | | |
| Instruction | 5,519,323 | 4,878,075 |
| Supporing Services | 4,752,163 | 4,532,487 |
| Food Services | 377,905 | 355,055 |
| Interest on long-term debt | - | - |
| **Total Expenses** | 10,649,391 | 9,765,617 |
| **Change in Net Position** | 135,001 | 518,631 |
| **Net Position - Beginning of Year, Restated** | 9,052,375 | 8,668,709 |
| **Net Position - End of Year** | $ 9,187,376 | $ 7,072,082 |

Note: The District restated the ending fund balance for the fiscal year ended June 30, 2024, due to corrections of errors. The restated net position as of June 30, 2024, was $9,187,340.

Property taxes, specific ownership tax, and per pupil state formula revenue (School Finance Act-State Equalization) account for most of the District's revenue. The remainder comes from grants and contributions with the remainder from fees charged for services and miscellaneous sources.

The District's expenses predominantly relate to instruction and support services, which include support for students and instructional staff, administration, operations and maintenance, and transportation. Given that the District is a service organization providing education services to students, the majority of the expenses are paid in the form of compensation (salaries and benefits) to the District's employees. A portion of the increase in net position is attributed to the reduction in the District's proportionate share of PERA's pension and other post-employment benefit liabilities.

## Financial Analysis of the District's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

At the end of the current fiscal year, the District's governmental funds reported combined ending fund balance of $8,243,556, an increase of $3,727,335, which included a restatement due to correction of an error in the amount of negative $134,965 from the prior year ending fund balances. The decrease mainly relates to a delay in local property tax receipts, which are expected to be recorded in the next fiscal year.

## General Fund Budgetary Highlights

The District's budget is prepared according to Colorado law and is based on accounting for certain transactions on a basis of cash receipts and disbursements. The most significant budgeted fund is the General Fund.

The District recognized $3,555,696 more revenue than expected, primarily due to collections of previously withheld property taxes due to FY 2024audit compliance with C.R.S. The District spent $4,207,644 less than appropriated in the budget, primarily because all reserves were appropriated in the 2024-2025 annual budget.

## Capital Assets & Long-Term Debt

The District's investment in capital assets for governmental activities as of June 30, 2025, amounts to $8,904,694, (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, equipment, and vehicles. More information regarding capital assets may be found in Note 3 to the financial statements.

As of June 30, 2025, the District had no long-term debt outside of net pension and OPEB liabilities and compensated absences in the amount of $210,864, discussed above. More information regarding long-term debt may be found in Note 4 to the financial statements.

## Economic Factors and Next Year's Budget

The primary factors driving the budget for the District are student enrollment and the annual Public School Finance Act (total program).

Total October count FTE for the 2024-2025 school year was 310.0 students. The 2025-2026 budget was built on the assumption of 300.5 October count FTE.

Starting in 2025-2026, the Public School Finance Act (total program) is calculated based on a combination of the 1994 School Finance Act and the 2023 Public School Finance Act, for a phase-in period that is scheduled to extend through 2030-2031. The 1994 Public School Finance Act calculates per-pupil funding by school district based upon a formula that takes into consideration the cost of living, number of students, district size, personnel vs. non-personnel, and number of at-risk students. The 2023 School Finance Act calculates per-pupil funding by school district based more heavily upon at-risk, English language learner, and special education students. Funding sources for the School Finance Act are derived by the following formula**:** Total Program Funding = local property taxes + general specific ownership taxes + state equalization.
The 2025-2026 budget was built on the assumption of $5,222,491 in total program.

## Requests for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest. Questions concerning any of the information in this report or requests for additional financial information should be addressed to:

South Routt School District RE-3
Finance/Business Manager
P.O. Box 158
Oak Creek, CO 80467

# BASIC FINANCIAL STATEMENTS

**SOUTH ROUTT SCHOOL DISTRICT RE-3**
STATEMENT OF NET POSITION
June 30, 2025

| | PRIMARY GOVERNMENT GOVERNMENTAL ACTIVITIES |
|---|---|
| ASSETS | |
| Cash and Investments | $ 5,606,215 |
| Taxes Receivable | 3,866,722 |
| Grants Receivable | 69,364 |
| Inventory | 6,970 |
| Capital Assets, *Not Being Depreciated* | 1,752,794 |
| Capital Assets, *Being Depreciated, Net* | 7,151,900 |
| TOTAL ASSETS | 18,453,965 |
| DEFERRED OUTFLOWS OF RESOURCES | |
| Pensions, Net of Accumulated Amortization | 1,728,521 |
| OPEB, Net of Accumulated Amortization | 66,256 |
| TOTAL DEFERRED OUTFLOWS OF RESOURCES | 1,794,777 |
| LIABILITIES | |
| Accounts Payable | 149,211 |
| Accrued Liabilities | 238,346 |
| Accrued Salaries and Benefits | 721,857 |
| Unearned revenue | 28,488 |
| Noncurrent Liabilities | |
| Due in More Than One Year | 210,864 |
| Net Pension Liability | 9,007,558 |
| Net OPEB Liability | 159,820 |
| TOTAL LIABILITIES | 10,516,144 |
| DEFERRED INFLOWS OF RESOURCES | |
| Pensions, Net of Accumulated Amortization | 440,689 |
| OPEB, Net of Accumulated Amortization | 104,533 |
| TOTAL DEFERRED INFLOWS OF RESOURCES | 545,222 |
| NET POSITION | |
| Net Investment in Capital Assets | 8,904,694 |
| Restricted for: | |
| Emergencies | 395,000 |
| Debt Service | 266,290 |
| Unrestricted | (378,608) |
| TOTAL NET POSITION | $ 9,187,376 |

*See Notes to the Financial Statements.*

**SOUTH ROUTT SCHOOL DISTRICT RE-3**

STATEMENT OF ACTIVITIES

Year Ended June 30, 2025

| FUNCTIONS / PROGRAMS | EXPENSES | PROGRAM REVENUES: CHARGES FOR SERVICES | PROGRAM REVENUES: OPERATING GRANTS AND CONTRIBUTIONS | NET (EXPENSE) REVENUE AND CHANGE IN NET POSITION: PRIMARY GOVERNMENT GOVERNMENTAL ACTIVITIES |
|---|---|---|---|---|
| PRIMARY GOVERNMENT | | | | |
| **Governmental Activities** | | | | |
| Instruction | $ 5,519,323 | $ 267,295 | $ 1,094,931 | $ (4,157,097) |
| Supporting Services | 4,752,163 | 1,560 | 956,246 | (3,794,357) |
| Food Services | 377,905 | 52,733 | 235,164 | (90,008) |
| TOTAL GOVERNMENTAL ACTIVITIES | $ 10,649,391 | $ 321,588 | $ 2,286,341 | (8,041,462) |
| GENERAL REVENUES | | | | |
| Local Property Taxes | | | | 5,405,104 |
| Specific Ownership Taxes | | | | 369,585 |
| State Equalization | | | | 1,926,334 |
| Mineral Leases | | | | 654 |
| Investment Income | | | | 264,336 |
| Other | | | | 210,450 |
| TOTAL GENERAL REVENUES | | | | 8,176,463 |
| CHANGE IN NET POSITION | | | | 135,001 |
| NET POSITION, Beginning, as Originally Stated | | | | 9,187,340 |
| Restatement - Correction of an Error | | | | (134,965) |
| NET POSITION, Beginning, as Restated | | | | 9,052,375 |
| NET POSITION, Ending | | | | $ 9,187,376 |

*See Notes to the Financial Statements.*

**SOUTH ROUTT SCHOOL DISTRICT RE-3**
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2025

| | GENERAL | TRANSPORTATION | CAPITAL CONSTRUCTION |
|---|---|---|---|
| ASSETS | | | |
| Cash and Investments | $ 5,166,850 | $ - | $ 115,834 |
| Grants Receivable | 54,559 | - | - |
| Taxes Receivable | 2,987,158 | 220,409 | 659,155 |
| Inventory | - | - | - |
| Interfund Receivable | 156,948 | - | - |
| TOTAL ASSETS | $ 8,365,515 | $ 220,409 | $ 774,989 |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | | | |
| LIABILITIES | | | |
| Accounts Payable | $ 86,451 | $ 2,217 | $ 56,547 |
| Accrued Liabilities | 238,346 | - | - |
| Accrued Salaries and Benefits | 678,453 | 14,363 | - |
| Interfund Payable | - | 156,948 | - |
| Unearned Revenue | 28,488 | - | - |
| TOTAL LIABILITIES | 1,031,738 | 173,528 | 56,547 |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Property Taxes | 126,290 | 20,924 | 20,599 |
| FUND BALANCES | | | |
| Nonspendable - Inventory | - | - | - |
| Restricted for: | | | |
| Emergencies | 395,000 | - | - |
| Capital Projects | - | - | 697,843 |
| Debt Service | - | - | - |
| Food Services | - | - | - |
| Assigned to Student Activities | - | - | - |
| Unassigned | 6,812,487 | 25,957 | - |
| TOTAL FUND BALANCES | 7,207,487 | 25,957 | 697,843 |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | $ 8,365,515 | $ 220,409 | $ 774,989 |

*See Notes to the Financial Statements.*

| NONMAJOR GOVERNMENTAL FUNDS | TOTAL |
|---|---|
| $ 323,531 | $ 5,606,215 |
| 14,805 | 69,364 |
| - | 3,866,722 |
| 6,970 | 6,970 |
| - | 156,948 |
| $ 345,306 | $ 9,706,219 |
| | |
| $ 3,996 | $ 149,211 |
| - | 238,346 |
| 29,041 | 721,857 |
| - | 156,948 |
| - | 28,488 |
| 33,037 | 1,294,850 |
| | |
| - | 167,813 |
| | |
| 6,970 | 6,970 |
| | |
| - | 395,000 |
| - | 697,843 |
| 266,290 | 266,290 |
| 6,129 | 6,129 |
| 32,880 | 32,880 |
| - | 6,838,444 |
| 312,269 | 8,243,556 |
| | |
| $ 345,306 | $ 9,706,219 |

*See Notes to the Financial Statements.*

**SOUTH ROUTT SCHOOL DISTRICT RE-3**
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
June 30, 2025

| | | |
|---|---|---|
| AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET POSITION ARE DIFFERENT BECAUSE: | | |
| Total Fund Balances of Governmental Funds | $ | 8,243,556 |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds. | | 8,904,694 |
| Long-term assets are not available to pay current year expenditures and, therefore, are deferred in governmental funds. This amount represents property taxes earned but not available as current financial resources. | | 167,813 |
| Long-term liabilities and related items are not due and payable in the current year and, therefore, are not reported in governmental funds: | | |
| Compensated Absences | | (210,864) |
| Net Pension Liability | | (9,007,558) |
| Pension-Related Deferred Outflows of Resources | | 1,728,521 |
| Pension-Related Deferred Inflows of Resources | | (440,689) |
| Net OPEB Liability | | (159,820) |
| OPEB-Related Deferred Outflows of Resources | | 66,256 |
| OPEB-Related Deferred Inflows of Resources | | (104,533) |
| Total Net Position of Governmental Activities | $ | 9,187,376 |

**SOUTH ROUTT SCHOOL DISTRICT RE-3**
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2025

| | GENERAL | TRANSPORTATION | CAPITAL CONSTRUCTION |
|---|---|---|---|
| REVENUES | | | |
| Local Sources | $ 8,345,408 | $ 468,050 | $ 1,537,651 |
| County Sources | 12,391 | - | - |
| State Sources | 2,762,172 | - | - |
| Federal Sources | 509,175 | - | - |
| TOTAL REVENUES | 11,629,146 | 468,050 | 1,537,651 |
| EXPENDITURES | | | |
| Current | | | |
| Instruction | 4,610,602 | - | - |
| Supporting Services | 3,831,296 | 442,093 | 5,244 |
| Food Services | - | - | - |
| Capital Outlay | 81,388 | - | 834,564 |
| TOTAL EXPENDITURES | 8,523,286 | 442,093 | 839,808 |
| EXCESS REVENUES OVER (UNDER) EXPENDITURES | 3,105,860 | 25,957 | 697,843 |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers In | - | - | - |
| Transfers Out | (97,391) | - | - |
| TOTAL OTHER FINANCING SOURCES (USES) | (97,391) | - | - |
| CHANGES IN FUND BALANCES | 3,008,469 | 25,957 | 697,843 |
| FUND BALANCES, Beginning, as Originally Stated | 4,333,983 | - | - |
| Restatements - Correction of an Error | (134,965) | - | - |
| FUND BALANCES, Beginning, as Restated | 4,199,018 | - | - |
| FUND BALANCES, Ending | $ 7,207,487 | $ 25,957 | $ 697,843 |

*See Notes to the Financial Statements.*

| NONMAJOR GOVERNMENTAL FUNDS | TOTAL |
|---|---|
| $ 195,920 | $ 10,547,029 |
| - | 12,391 |
| 110,459 | 2,872,631 |
| 124,705 | 633,880 |
| 431,084 | 14,065,931 |
| | |
| 156,853 | 4,767,455 |
| - | 4,278,633 |
| 376,104 | 376,104 |
| 452 | 916,404 |
| 533,409 | 10,338,596 |
| | |
| (102,325) | 3,727,335 |
| | |
| 97,391 | 97,391 |
| - | (97,391) |
| 97,391 | - |
| | |
| (4,934) | 3,727,335 |
| | |
| 317,203 | 4,651,186 |
| - | (134,965) |
| 317,203 | 4,516,221 |
| | |
| $ 312,269 | $ 8,243,556 |

*See Notes to the Financial Statements.*

**SOUTH ROUTT SCHOOL DISTRICT RE-3**
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2025

| | | |
|---|---|---|
| AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF ACTIVITIES ARE DIFFERENT BECAUSE: | | |
| Net Change in Fund Balances of Governmental Funds | $ | 3,727,335 |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as: | | |
| Depreciation Expense | | (908,478) |
| Capital Outlay | | 525,430 |
| Gain (Loss) on Disposal of Capital Assets | | (2,466) |
| Revenues that do not provide current financial resources are deferred in the governmental fund financial statements but are recognized in the government-wide financial statements. This amount represents the change in deferred property taxes. | | (3,281,539) |
| Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. This includes the changes in the following: | | |
| Compensated Absences | | 140,160 |
| Net Pension Liability | | 833,659 |
| Pension-Related Deferred Outflows of Resources | | (769,225) |
| Pension-Related Deferred Inflows of Resources | | (212,650) |
| Net OPEB Liability | | 77,806 |
| OPEB-Related Deferred Outflows of Resources | | (24,107) |
| OPEB-Related Deferred Inflows of Resources | | 29,076 |
| Change in Net Position of Governmental Activities | $ | 135,001 |

## NOTE 1: Summary of Significant Accounting Policies

The accounting policies of the South Routt School District RE-3 (the District) conform to generally accepted accounting principles as applicable to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Following is a summary of the District's more significant policies.

### Reporting Entity

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

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

### Government-wide and Fund Financial Statements

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

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

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

### Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

The *Transportation Fund* is used to account for the activities of the District's transportation activities and restricted revenue streams.

The *Capital Construction, Technology and Maintenance Fund (Capital Construction)* is used to account for the resources accumulated for the funding of the District's capital projects and restricted revenue streams.

**NOTE 1: Summary of Significant Accounting Policies** (Continued)

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

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collected within the current year or soon enough thereafter to pay liabilities of the current year. For this purpose, the District considers property tax revenues to be available if they are collected within 60 days of the end of the current year. The District considers all other revenues to be available if they are collected within 180 days of the end of the current year.

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

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

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

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

*Cash and Investments* – The District uses separate bank accounts for each fund and for individual programs within the General Fund. Investments are reported at fair value.

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

*Interfund Receivables and Payables* – Certain transactions between individual funds result in receivables and payables, which are classified on the balance sheet as *interfund receivables* and *interfund payables*.

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

**NOTE 1: Summary of Significant Accounting Policies** (Continued)

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

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

| | |
|---|---|
| Buildings and Improvements | 5 - 50 years |
| Vehicles and Equipment | 5 - 25 years |

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

*Accrued Salaries and Benefits* – Salaries and retirement benefits of certain contractually employed personnel are paid over a twelve-month period from September to August but are earned during a school year of approximately nine to ten months. The salaries and benefits earned, but unpaid, are reported as a liability in the financial statements.

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

*Deferred Inflows of Resources* – Deferred inflows of resources in the governmental fund financial statements include property taxes earned but not available as current financial resources. In addition, this separate financial statement element represents acquisition of net assets that apply to future periods and so will not be recognized as an inflow of resources until then.

*Long-Term Debt* – In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. Debt premiums, discounts and accounting losses resulting from debt refundings are deferred and amortized over the life of the debt using the effective interest method. In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses.

Debt issuance costs, whether or not withheld from the debt proceeds, are reported as current expenses or expenditures.

*Compensated Absences* – District policy allows accumulation of sick leave to a maximum of 60 days. In August each year, the District will buy back any sick days over 60 at the current substitute rate. Sick leave up to 72 days is paid out upon separation to all employees with at least five years of employment. Certain employees are allowed to accrue vacation leave. All earned vacation must be used by December 31st of the following year or will expire.

These compensated absences are recognized as expenditures in the governmental funds when due. A long-term liability is reported in the government-wide financial statements for the accrued compensated absences when earned.

**NOTE 1: Summary of Significant Accounting Policies** (Continued)

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

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

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

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

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

**Property Taxes**

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

**NOTE 2: Cash and Investments**

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

| | | |
|---|---|---|
| Deposits | $ | 303,359 |
| Investments | | 5,302,856 |
| Total | $ | 5,606,215 |

**NOTE 2: Cash and Investments** (Continued)

**Deposits**

The Colorado Public Deposit Protection Act (PDPA) requires local government entities to deposit cash in eligible public depositories. Eligibility is determined by State regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. The PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution or held in trust for all uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. At June 30, 2025, the District had bank deposits of $213,515 collateralized with securities held by the financial institution's agent but not in the District's name.

**Investments**

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

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

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

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

*Fair Value Measurements* – At June 30, 2025, the District's investments in the local government investment pool were reported at the net asset value per share.

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

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

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

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

**NOTE 2: Cash and Investments** (Continued)

**Investments** (Continued)

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

*Local Government Investment Pool* – At June 30, 2025, the District had $5,302,856 invested in the Colorado Local Government Liquid Asset Trust (ColoTrust). ColoTrust is an investment vehicle established for local government entities in Colorado to pool surplus funds. The Colorado Division of Securities administers and enforces the requirements of creating and operating ColoTrust. ColoTrust operates in conformity with the Securities and Exchange Commission's Rule 2a-7. ColoTrust is measured at the net asset value per share, with each share valued at $1. ColoTrust is rated AAAm by Standard and Poor's. Investments of ColoTrust are limited to those allowed by State statutes. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. The custodian's internal records identify the investments owned by the participating governments.

**NOTE 3: Interfund Balances and Transfers**

At June 30, 2025, the General Fund temporarily subsidized the Transportation Fund for operations. The Transportation Fund repaid the General Fund after year-end.

During the fiscal year ended June 30, 2025, the General Fund transferred $97,391 to the Food Service Fund to subsidize food service operations.

**NOTE 4: Capital Assets**

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

| | Balance 6/30/2024 | Additions | Deletions | Balance 6/30/2025 |
|---|---|---|---|---|
| **Governmental Activities** | | | | |
| Capital Assets, Not Being Depreciated: | | | | |
| Land | $ 1,752,794 | $ - | $ - | $ 1,752,794 |
| Capital Assets, Being Depreciated: | | | | |
| Buildings and Improvements | 25,260,551 | 154,416 | 598,206 | 24,816,761 |
| Vehicles and Equipment | 1,748,494 | 371,014 | 585,805 | 1,533,703 |
| Total Capital Assets, Being Depreciated | 27,009,045 | 525,430 | 1,184,011 | 26,350,464 |
| Less Accumulated Depreciation: | | | | |
| Buildings and Improvements | (18,399,573) | (774,048) | (595,740) | (18,577,881) |
| Vehicles and Equipment | (1,072,058) | (134,430) | (585,805) | (620,683) |
| Total Accumulated Depreciation | (19,471,631) | (908,478) | (1,181,545) | (19,198,564) |
| Capital Assets, Being Depreciated, Net | 7,537,414 | (383,048) | 2,466 | 7,151,900 |
| Capital Assets, Governmental Activities, Net | $ 9,290,208 | $ (383,048) | $ 2,466 | $ 8,904,694 |

**NOTE 4: Capital Assets** (Continued)

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

| | |
|---|---|
| Instruction | $ 798,112 |
| Supporting Services | 105,841 |
| Food Service | 4,525 |
| Total | $ 908,478 |

**NOTE 5: Long-Term Debt**

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

| | Balance 6/30/2024 | Additions | Reductions | Balance 6/30/2025 | Due Within One Year |
|---|---|---|---|---|---|
| **Governmental Activities** | | | | | |
| Compensated Absences | $ 351,024 | $ - | $ 140,160 | $ 210,864 | $ - |

The District netted the change in the balance of the compensated absences.

**NOTE 6: Risk Management**

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

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

**NOTE 7: Defined Benefit Pension Plan**

**General Information**

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

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

**NOTE 7: Defined Benefit Pension Plan** (Continued)

**General Information** (Continued)

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

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

Disability benefits are available for eligible employees once they reach five years of earned service credit and meet the definition of a disability. The disability benefit amount is based on the retirement benefit formula described previously, considering a minimum of 20 years of service credit, if deemed disabled.

Survivor benefits are determined by several factors, which include the amount of earned service credit, highest average salary of the deceased, the benefit structure in place, and the qualified survivor receiving the benefits.

*Contributions provisions as of June 30, 2025* – The District, State, and eligible employees are required to contribute to the SDTF at rates established by Title 24, Article 51, Part 4 of the CRS. These contribution requirements are established and may be amended by the State Legislature. The contribution rate for employees was 11% for the period from July 1, 2024, through June 30, 2025. The District's contribution rate for the fiscal year was 21.40% of covered salaries. However, a portion of the District's contribution (1.02% of covered salaries) is allocated to the Health Care Trust Fund (Note 8). The District's contributions to the SDTF for the year ended June 30, 2025, were $893,265 equal to the required contributions at a contribution rate of 20.38%.

For the purposes of GASB 68 paragraph 15, a circumstance exists in which a nonemployer contributing entity is legally responsible for making contributions to the SDTF and is considered to meet the definition of a special funding situation. As specified in CRS § 24-51-414, the State of Colorado is required to contribute a $225 million direct distribution each year to PERA starting on July 1, 2018. A portion of the direct distribution payment is allocated to the SDTF based on the proportionate amount of annual payroll of the SDTF to the total annual payroll of the SDTF.

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

At December 31, 2024, the District's proportion was 0.0522029039%, which was a decrease of 0.0034493170% from its proportion measured at December 31, 2023.

**NOTE 7: Defined Benefit Pension Plan** (Continued)

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

At June 30, 2025, the District reported a liability for its proportionate share of the net pension liability that reflected an increase for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

| | |
|---|---|
| District's proportionate share of the net pension liability | $ 9,007,558 |
| State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the District | 809,022 |
| Total | $ 9,816,580 |

For the year ended June 30, 2025, the District recognized pension expense of $1,041,067 and a revenue of ($73,840) for support from the State as a nonemployer contributing entity. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Differences between expected and actual experience | $ 510,084 | $ - |
| Changes of assumptions and other inputs | 67,531 | - |
| Net difference between projected and actual earnings on plan investments | 169,948 | - |
| Changes in proportion and differences between contributions recognized and proportionate share of contributions | 503,112 | 440,689 |
| Contributions subsequent to the measurement date | 477,846 | - |
| Total | $ 1,728,521 | $ 440,689 |

District contributions subsequent to the measurement date of $477,846 will be recognized as a reduction of the net pension liability in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

| Year Ended June 30, | |
|---|---|
| 2026 | $ 643,359 |
| 2027 | 602,278 |
| 2028 | (314,444) |
| 2029 | (121,207) |
| Total | $ 809,986 |

**NOTE 7: Defined Benefit Pension Plan** (Continued)

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

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

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

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

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

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

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

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

**NOTE 7: Defined Benefit Pension Plan** (Continued)

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

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

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

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

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

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

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

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

**NOTE 7: Defined Benefit Pension Plan** (Continued)

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

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

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

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

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

**NOTE 7: Defined Benefit Pension Plan** (Continued)

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

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

| | 1% Decrease (6.25%) | Current Discount Rate (7.25%) | 1% Increase (8.25%) |
|---|---|---|---|
| Proportionate share of the net pension liability | $ 12,212,161 | $ 9,007,558 | $ 6,323,255 |

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

**NOTE 8: Postemployment Healthcare Benefits**

**General Information**

*Plan Description* - All employees of the District are eligible to receive postemployment benefits other than pensions (OPEB) through the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the Public Employees' Retirement Association of Colorado (PERA). Title 24, Article 51, Part 12 of the Colorado Revised Statutes (CRS), as amended, sets forth a framework that grants authority to the PERA Board to contract, self-insure, and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of the premium subsidies. CRS provisions may be amended by the Colorado General Assembly. PERA issues a publicly available financial report, that includes information on the HCTF, which may be obtained at https://copera.org/forms-resources/financial-reports-and-studies.

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

CRS § 24-51-1202 et seq. specifies the eligibility for enrollment in the health care plans offered by PERA and the amount of the premium subsidy. The law governing a benefit recipient's eligibility for the subsidy and the amount of the subsidy differs slightly depending under which benefit structure the benefits are calculated. All benefit recipients under the PERA benefit structure are eligible for a premium subsidy, if enrolled in a health care plan under PERACare.

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

**NOTE 8: Postemployment Healthcare Benefits** (Continued)

**General Information** (Continued)

*PERA Benefit Structure* - The maximum service-based premium subsidy is $230 per month for benefit recipients who are under 65 years of age and who are not entitled to Medicare, and $115 per month for benefit recipients who are over 65 years of age or who are under 65 years of age and entitled to Medicare. The maximum subsidy is based on 20 or more years of service. The subsidy is reduced by 5% for each year of service less than 20 years. The benefit recipient pays the remaining portion of the premium not covered by the subsidy.

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

*Contributions* - As established by Title 24, Article 51, Section 208(1)(f) of the CRS, as amended, 1.02% of the District's contributions to the School Division Trust Fund (SDTF) (Note 7) are apportioned to the HCTF. No employee contributions are required. These contribution requirements are established and may be amended by the State Legislature. The District's apportionment to the HCTF for the year ended June 30, 2025, was $44,707, equal to the required amount.

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

At June 30, 2025, the District reported a net OPEB liability of $159,820, representing its proportionate share of the net OPEB liability of the HCTF. The net OPEB liability was measured at December 31, 2024, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2023. Standard update procedures were used to roll forward the total OPEB liability to December 31, 2024. The District's proportion of the net OPEB liability was based on the District's contributions to the HCTF for the calendar year ended December 31, 2024, relative to the contributions of all participating employers.

At December 31, 2024, the District's proportion was 0.0334233776%, which was an increase of 0.0001296565% from its proportion measured at December 31, 2023.

For the year ended June 30, 2025, the District recognized OPEB expense of ($37,923). At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Differences between expected and actual experience | $ - | $ 35,255 |
| Changes of assumptions and other inputs | 1,832 | 51,088 |
| Net difference between projected and actual earnings on plan investments | 543 | - |
| Changes in proportion and differences between contributions recognized and proportionate share of contributions | 39,965 | 18,190 |
| Contributions subsequent to the measurement date | 23,916 | - |
| Total | $ 66,256 | $ 104,533 |

**NOTE 8: Postemployment Healthcare Benefits** (Continued)

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

District contributions subsequent to the measurement date of $23,916 will be recognized as a reduction of the net OPEB liability in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

| Year Ended June 30, | |
|---|---|
| 2026 | $ (25,874) |
| 2027 | (398) |
| 2028 | (12,684) |
| 2029 | (10,649) |
| 2030 | (8,142) |
| 2031 | (4,446) |
| Total | $ (62,193) |

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

| | |
|---|---|
| Actuarial Cost Method | Entry Age |
| Price inflation | 2.30% |
| Real wage growth | 0.70% |
| Wage inflation | 3.00% |
| Salary increases, including wage inflation | 3.40% - 11.00% |
| Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation | 7.25% |
| Discount rate | 7.25% |
| Heath care cost trend rates: | |
| Service-based premium subsidy | 0.0% |
| PERACare Medicare plans | |
| 16% in 2024, then 6.75% in 2025, gradually decreasing to 4.5% in 2034 | |
| MAPD PPO #2 | |
| 105% in 2024, then 8.55% in 2025, gradually decreasing to 4.50% in 2034 | |
| Medicare Part A premiums: | |
| 3.5% in 2024, gradually increasing to 4.5% in 2033 | |

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

**NOTE 8: Postemployment Healthcare Benefits** (Continued)

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

Annually, the per capita health care costs are developed by plan option. At December 31, 2023, actuarial valuation and costs are based on 2024 premium rates for the UnitedHealthcare Medicare Advantage Prescription Drug (MAPD) PPO plan #1, the UnitedHealthcare MAPD PPO plan #2, and the Kaiser Permanente MAPD HMO plan. Actuarial morbidity factors are then applied to estimate individual retiree and spouse costs by age, gender, and health care cost trend. This approach applies to all members and is adjusted accordingly for those not eligible for premium-free Medicare Part A for the PERA benefit structure.

Age-Related Morbidity Assumptions

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

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

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

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

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

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

**NOTE 8: Postemployment Healthcare Benefits** (Continued)

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

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

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

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

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

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

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

**NOTE 8: Postemployment Healthcare Benefits** (Continued)

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

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

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

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

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

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

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

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

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

**NOTE 8: Postemployment Healthcare Benefits** (Continued)

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

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

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

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

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

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

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

*Discount rate* - The discount rate used to measure the total OPEB liability was 7.25%. The projection of cash flows used to determine the discount rate applied the actuarial cost method and assumptions. In addition, the following methods and assumptions were used in the projection of cash flows:

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2024, measurement date.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3%.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.

**NOTE 8: Postemployment Healthcare Benefits** (Continued)

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

- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Estimated transfers of dollars into the HCTF representing a portion of purchase service agreements intended to cover the costs associated with OPEB benefits.
- Benefit payments and contributions were assumed to be made at the middle of the year.
- As of December 31, 2024, measurement date, the fiduciary net position and related disclosure components for the HCTF reflect payments related to disaffiliation of Tri-County Health Department as a PERA-affiliated employer, effective December 31, 2022. As of December 31, 2023, PERA recognized two additions for accounting and financial reporting purposes: a $24 million payment received on December 4, 2023, and a $2 million receivable. The additional employer disaffiliation payment allocations to the HCTF and Local Government Division Trust Fund were $0.020 million and $0.486 million, respectively.

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

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

| | 1% Decrease in Trend Rates | Current Trend Rates (7.25%) | 1% Increase in Trend Rates |
|---|---|---|---|
| Initial PERACare Medicare trend rate** | 5.75% | 6.75% | 7.75% |
| Ultimate PERACare Medicare trend rate | 3.50% | 4.50% | 5.50% |
| Initial MAPD PPO#2 trend rate** | 7.55% | 8.55% | 9.55% |
| Ultimate MAPD PPO#2 trend rate | 3.50% | 4.50% | 5.50% |
| Initial Medicare Part A trend rate** | 2.75% | 3.75% | 4.75% |
| Ultimate Medicare Part A trend rate | 3.50% | 4.50% | 5.50% |
| Net OPEB Liability | $ 155,514 | $ 159,820 | $ 164,693 |

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

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

**NOTE 8: Postemployment Healthcare Benefits** (Continued)

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

| | 1% Decrease (6.25%) | Current Discount Rate (7.25%) | 1% Increase (8.25%) |
|---|---|---|---|
| Proportionate share of the net OPEB liability | $ 195,861 | $ 159,820 | $ 128,747 |

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

**NOTE 9: Commitments and Contingencies**

**Claims and Judgments**

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

**Tabor Amendment**

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

In 1997, the District's electorate approved a referendum allowing the District to keep and spend any excess revenue received during the fiscal year ended June 30, 1997, and each subsequent fiscal year thereafter.

The Amendment requires the District to establish a reserve for emergencies, representing 3% of qualifying expenditures. At June 30, 2025, the District's emergency reserve was reported as restricted fund balance in the General Fund, in the amount of $395,000.

**Litigation**

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

**NOTE 10: Joint Venture**

The District, in conjunction with other surrounding districts, participates in the Northwest Colorado Board of Cooperative Educational Services (BOCES). The BOCES is an organization that provides member districts educational services at a shared lower cost per district. The BOCES board is comprised of one member from each participating district. During the year ended June 30, 2025, the District contributed $45,277 to the BOCES. Separate financial statements for the BOCES are available at 325 7th Street, Steamboat Springs, CO 80487, or online at www.nwboces.org.

## NOTE 11: Restatement - Correction of an Error

The District identified a correction of an errors to the fund balance and net position for the General Fund and Governmental Activities for the prior fiscal year ended June 30, 2024. The District did not record the payroll tax liability and expenditures in the correct fiscal year. Therefore, the District correct the error related to payroll taxes, fund balance, and net position for the fiscal year ended June 30, 2024, summarized as follows:

| | General | Total Governmental Funds | Governmental Activities |
|---|---|---|---|
| Net Position/Fund Balance, Beginning, as Originally Stated | $ 4,333,983 | $ 4,651,186 | $ 9,187,340 |
| Expenditures - Payroll Taxes | (134,965) | (134,965) | (134,965) |
| Net Position/Fund Balance, Beginning, as Restated | $ 4,199,018 | $ 4,516,221 | $ 9,052,375 |

# REQUIRED SUPPLEMENTARY INFORMATION

**SOUTH ROUTT SCHOOL DISTRICT RE-3**
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
Year Ended June 30, 2025

| | ORIGINAL AND FINAL BUDGET | ACTUAL | VARIANCE Positive (Negative) |
|---|---|---|---|
| REVENUES | | | |
| Local Sources | | | |
| Property Taxes | $ 3,129,398 | $ 6,685,094 | $ 3,555,696 |
| Specific Ownership Taxes | 203,079 | 369,534 | 166,455 |
| Tuition | 42,250 | 65,371 | 23,121 |
| Investment Income | 5,000 | 263,772 | 258,772 |
| Miscellaneous | 455,000 | 961,637 | 506,637 |
| County Sources | 12,500 | 12,391 | (109) |
| State Grants | 2,525,578 | 2,762,172 | 236,594 |
| Federal Grants | 568,324 | 509,175 | (59,149) |
| TOTAL REVENUES | 6,941,129 | 11,629,146 | 4,688,017 |
| EXPENDITURES | | | |
| Current | | | |
| Instruction | 4,291,220 | 4,610,602 | (319,382) |
| Supporting Services | | | |
| Students | 423,020 | 609,717 | (186,697) |
| Instructional Staff | 211,120 | 174,416 | 36,704 |
| General Administration | 715,095 | 953,982 | (238,887) |
| School Administration | 225,366 | 306,153 | (80,787) |
| Business Services | - | 611 | (611) |
| Operations and Maintenance | 485,100 | 678,970 | (193,870) |
| Student Transportation | - | 60,201 | (60,201) |
| Central Support | - | 1,042,721 | (1,042,721) |
| Facilities | 400,000 | 4,525 | 395,475 |
| Total Supporting Services | 2,459,701 | 3,831,296 | (1,371,595) |
| Capital Outlay | 23,050 | 81,388 | (58,338) |
| Contingency | 5,956,959 | - | 5,956,959 |
| TOTAL EXPENDITURES | 12,730,930 | 8,523,286 | 4,207,644 |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | (5,789,801) | 3,105,860 | 8,895,661 |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers In | (125,000) | (97,391) | 27,609 |
| CHANGE IN FUND BALANCE | (5,914,801) | 3,008,469 | 8,895,661 |
| FUND BALANCE, Beginning, as Originally Stated | 5,914,801 | 4,333,983 | (1,580,818) |
| Restatements - Corrections of Errors | - | (134,965) | (134,965) |
| FUND BALANCE, Beginning, as Restated | 5,914,801 | 4,199,018 | (1,715,783) |
| FUND BALANCE, Ending | $ - | $ 7,207,487 | $ 7,179,878 |

**SOUTH ROUTT SCHOOL DISTRICT RE-3**
BUDGETARY COMPARISON SCHEDULE
TRANSPORTATION FUND
Year Ended June 30, 2025

| | ORIGINAL AND FINAL BUDGET | ACTUAL | VARIANCE Positive (Negative) |
|---|---|---|---|
| REVENUES | | | |
| Local Sources | $ 275,230 | $ 468,050 | $ 192,820 |
| EXPENDITURES | | | |
| Current | | | |
| Supporting Services | | | |
| Salaries | 264,850 | 240,643 | 24,207 |
| Benefits | 85,000 | 67,967 | 17,033 |
| Purchased Services | 680 | 21,711 | (21,031) |
| Supplies and Materials | 25,000 | 70,180 | (45,180) |
| Other | 700 | - | 700 |
| Capital Outlay | - | 41,592 | (41,592) |
| Contingency | 32,591 | - | 32,591 |
| TOTAL EXPENDITURES | 408,821 | 442,093 | (33,272) |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | (133,591) | 25,957 | 159,548 |
| OTHER FINANCING SOURCES | | | |
| Transfers In | 101,000 | - | (101,000) |
| CHANGE IN FUND BALANCE | (32,591) | 25,957 | 58,548 |
| FUND BALANCE, Beginning | 32,591 | - | (32,591) |
| FUND BALANCE, Ending | $ - | $ 25,957 | $ 25,957 |

**SOUTH ROUTT SCHOOL DISTRICT RE-3**
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AND CONTRIBUTIONS
PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION OF COLORADO SCHOOL DIVISION TRUST FUND
June 30, 2025

| **MEASUREMENT YEAR** | 12/31/24 | 12/31/23 | 12/31/22 | 12/31/21 |
|---|---|---|---|---|
| PROPORTIONATE SHARE OF THE NET PENSION LIABILITY | | | | |
| District's Proportion of the Net Pension Liability | 0.0522029039% | 0.0556522209% | 0.0474020329% | 0.0512570879% |
| District's Proportionate Share of the Net Pension Liability | $ 9,007,558 | $ 9,841,217 | $ 8,631,657 | $ 5,964,975 |
| State's Proportionate Share of the Net Pension Liability Associated with the District | 809,022 | 215,789 | 2,515,345 | 613,480 |
| Total Proportionate Share of the Net Pension Liability | $ 9,816,580 | $ 10,057,006 | $ 11,147,002 | $ 6,578,455 |
| District's Covered Payroll | $ 4,033,959 | $ 3,679,115 | $ 3,635,155 | $ 3,198,007 |
| District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll | 223% | 267% | 237% | 187% |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 67% | 65% | 62% | 75% |

| **FISCAL YEAR** | 6/30/25 | 6/30/24 | 6/30/23 | 6/30/22 |
|---|---|---|---|---|
| DISTRICT CONTRIBUTIONS | | | | |
| Statutorily Required Contribution | $ 893,265 | $ 708,019 | $ 658,352 | $ 649,374 |
| Contributions in Relation to the Statutorily Required Contribution | (893,265) | (708,019) | (658,352) | (649,374) |
| Contribution Deficiency (Excess) | $ - | $ - | $ - | $ - |
| District's Covered Payroll | $ 4,383,044 | $ 3,474,088 | $ 3,230,383 | $ 3,266,468 |
| Contributions as a Percentage of Covered Payroll | 20.38% | 20.38% | 20.38% | 19.88% |

| 12/31/20 | 12/31/19 | 12/31/18 | 12/31/17 | 12/31/16 | 12/31/15 |
|---|---|---|---|---|---|
| 0.0491751796% | 0.0554477250% | 0.0509939955% | 0.0593217833% | 0.0595464916% | 0.0610166184% |
| $ 7,434,295 | $ 8,298,268 | $ 9,029,534 | $ 19,182,556 | $ 17,729,293 | $ 9,332,061 |
| - | 937,057 | 1,086,148 | - | - | - |
| $ 7,434,295 | $ 9,235,325 | $ 10,115,682 | $ 19,182,556 | $ 17,729,293 | $ 9,332,061 |
| $ 2,631,998 | $ 3,262,842 | $ 2,797,122 | $ 2,686,182 | $ 2,670,527 | $ 2,658,341 |
| 282% | 254% | 323% | 714% | 664% | 351% |
| 67% | 65% | 57% | 44% | 43% | 59% |

| 06/30/21 | 06/30/20 | 06/30/19 | 06/30/18 | 06/30/17 | 06/30/16 |
|---|---|---|---|---|---|
| $ 496,580 | $ 631,319 | $ 561,615 | $ 522,932 | $ 491,718 | $ 474,283 |
| (496,580) | (631,319) | (561,615) | (522,932) | (491,718) | (474,283) |
| $ - | $ - | $ - | $ - | $ - | $ - |
| $ 2,497,886 | $ 3,299,350 | $ 2,935,731 | $ 2,741,172 | $ 2,675,329 | $ 2,675,315 |
| 19.88% | 19.13% | 19.13% | 19.08% | 18.38% | 17.73% |

**SOUTH ROUTT SCHOOL DISTRICT RE-3**
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY AND CONTRIBUTIONS
PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION OF COLORADO HEALTH CARE TRUST FUND
June 30, 2025

| **MEASUREMENT YEAR** | 12/31/24 | 12/31/23 | 12/31/22 | 12/31/21 |
|---|---|---|---|---|
| PROPORTIONATE SHARE OF THE NET OPEB LIABILITY | | | | |
| District's Proportion of the Net OPEB Liability | 0.0334233776% | 0.0332937211% | 0.0360715970% | 0.0334105861% |
| District's Proportionate Share of the Net OPEB Liability | $ 159,820 | $ 237,626 | $ 294,517 | $ 288,102 |
| District's Covered Payroll | $ 4,033,959 | $ 3,679,115 | $ 3,635,155 | $ 3,198,007 |
| District's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll | 4% | 6% | 8% | 9% |
| Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability | 60% | 46% | 39.40% | 32.78% |

| **FISCAL YEAR** | 6/30/25 | 6/30/24 | 6/30/23 | 6/30/22 |
|---|---|---|---|---|
| DISTRICT CONTRIBUTIONS | | | | |
| Statutorily Required Contribution | $ 44,707 | $ 35,436 | $ 37,336 | $ 33,318 |
| Contributions in Relation to the Statutorily Required Contribution | (44,707) | (35,436) | (37,336) | (33,318) |
| Contribution Deficiency (Excess) | $ - | $ - | $ - | $ - |
| District's Covered Payroll | $ 4,383,044 | $ 3,474,088 | $ 3,660,361 | $ 3,266,468 |
| Contributions as a Percentage of Covered Payroll | 1.02% | 1.02% | 1.02% | 1.02% |

This schedule is presented to show information for 10 years.
Information will be presented for the years it is available.

| 12/31/20 | 12/31/19 | 12/31/18 | 12/31/17 |
|---|---|---|---|
| 0.0284618465% | 0.0362877408% | 0.0331455747% | 0.0337064035% |
| $ 270,452 | $ 407,873 | $ 450,959 | $ 438,048 |
| $ 2,631,998 | $ 3,262,842 | $ 2,797,122 | $ 2,686,182 |
| 10% | 13% | 16% | 16% |
| 24.49% | 17.03% | 17.53% | 16.72% |

| 6/30/21 | 6/30/20 | 6/30/19 | 6/30/18 |
|---|---|---|---|
| $ 25,478 | $ 33,227 | $ 29,944 | $ 27,980 |
| (25,478) | (33,227) | (29,944) | (27,980) |
| $ - | $ - | $ - | $ - |
| $ 2,497,886 | $ 3,257,605 | $ 2,935,731 | $ 2,741,172 |
| 1.02% | 1.02% | 1.02% | 1.02% |

## NOTE 1: Stewardship, Compliance, and Accountability

### Budgetary Information

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

- Management submits to the Board of Education a proposed budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted by the School Board of Education to obtain taxpayer comments.
- Prior to June 30, the budget is adopted by formal resolution.
- Expenditures may not legally exceed appropriations at the fund level. Authorization to transfer budget amounts between programs and/or departments within any fund and the reallocation of budget line items within any program and/or department rests with the Superintendent. Revisions that alter the total expenditures of any fund must be approved by the Board of Education.
- All budget appropriations lapse at fiscal year-end.

### Budget Compliance and Accountability

At June 30, 2025, the District's Food Service Fund, Student Activity Fund, and Transportation Fund actual expenditures exceeded budgeted appropriations by $56,218, $2,662, and $33,272, respectively. This may be a violation of state statutes.

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

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

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

*HCTF Plan* - As of the December 31, 2023, measurement date, the fiduciary net position (FNP), and related disclosure components for the Health Care Trust Fund (HCTF) reflect payments related to the disaffiliation of Tri-County Health Department (Tri-County Health) as a PERA-affiliated employer, effective December 31, 2022. As of the December 31, 2023, year-end, PERA recognized two additions for accounting and financial reporting purposes: a $24 million payment received on December 4, 2023, and a $2 million receivable. The employer disaffiliation payment and receivable allocations to the HCTF and Local Government Division Trust Fund were $1.033 million and $24.967 million, respectively.

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

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

**NOTE 3: Changes in Assumptions and Other Inputs**

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

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

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

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

# COMBINING AND INDIVIDUAL NONMAJOR FUNDS AND BUDGETARY COMPARISON SCHEDULES

**SOUTH ROUTT SCHOOL DISTRICT RE-3**
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2025

| | FOOD SERVICE | STUDENT ACTIVITY | DEBT SERVICE | TOTAL |
|---|---|---|---|---|
| ASSETS | | | | |
| Cash and Investments | $ 22,340 | $ 34,901 | $ 266,290 | $ 323,531 |
| Grants Receivable | 14,805 | - | - | 14,805 |
| Inventory | 6,970 | - | - | 6,970 |
| TOTAL ASSETS | $ 44,115 | $ 34,901 | $ 266,290 | $ 345,306 |
| LIABILITIES AND FUND BALANCES | | | | |
| LIABILITIES | | | | |
| Accounts Payable | $ 1,975 | $ 2,021 | $ - | $ 3,996 |
| Accrued Salaries and Benefits | 29,041 | - | - | 29,041 |
| TOTAL LIABILITIES | 31,016 | 2,021 | - | 33,037 |
| FUND BALANCES | | | | |
| Nonspendable - Inventory | 6,970 | - | - | 6,970 |
| Restricted for: | | | | |
| Debt Service | - | - | 266,290 | 266,290 |
| Food Services | 6,129 | - | - | 6,129 |
| Assigned to Student Activities | - | 32,880 | - | 32,880 |
| TOTAL FUND BALANCES | 13,099 | 32,880 | 266,290 | 312,269 |
| LIABILITIES AND FUND BALANCES | $ 44,115 | $ 34,901 | $ 266,290 | $ 345,306 |

**SOUTH ROUTT SCHOOL DISTRICT RE-3**
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
Year Ended June 30, 2025

| | FOOD SERVICE | STUDENT ACTIVITY | DEBT SERVICE | TOTAL |
|---|---|---|---|---|
| REVENUES | | | | |
| Local Sources | $ 52,746 | $ 143,174 | $ - | $ 195,920 |
| State Sources | 110,459 | - | - | 110,459 |
| Federal Sources | 124,705 | - | - | 124,705 |
| TOTAL REVENUES | 287,910 | 143,174 | - | 431,084 |
| EXPENDITURES | | | | |
| Current | | | | |
| Instruction | - | 156,853 | - | 156,853 |
| Food Services | 376,104 | - | - | 376,104 |
| Capital Outlay | 452 | - | - | 452 |
| TOTAL EXPENDITURES | 376,556 | 156,853 | - | 533,409 |
| EXCESS REVENUES OVER (UNDER) EXPENDITURES | (88,646) | (13,679) | - | (102,325) |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers In | 97,391 | - | - | 97,391 |
| CHANGES IN FUND BALANCES | 8,745 | (13,679) | - | (4,934) |
| FUND BALANCES, Beginning | 4,354 | 46,559 | 266,290 | 317,203 |
| FUND BALANCES, Ending | $ 13,099 | $ 32,880 | $ 266,290 | $ 312,269 |

**SOUTH ROUTT SCHOOL DISTRICT RE-3**
BUDGETARY COMPARISON SCHEDULE
FOOD SERVICE FUND
Year Ended June 30, 2025

| | ORIGINAL AND FINAL BUDGET | ACTUAL | VARIANCE Positive (Negative) |
|---|---|---|---|
| REVENUES | | | |
| Local Sources | $ 55,000 | $ 52,746 | $ (2,254) |
| State Grants | 10,000 | 110,459 | 100,459 |
| Federal Grants | 30,050 | 124,705 | 94,655 |
| TOTAL REVENUES | 95,050 | 287,910 | 192,860 |
| EXPENDITURES | | | |
| Current | | | |
| Salaries | 131,520 | 167,319 | (35,799) |
| Benefits | 59,990 | 62,270 | (2,280) |
| Purchased Services | 1,500 | 523 | 977 |
| Supplies and Materials | 65,000 | 145,992 | (80,992) |
| Other | 4,540 | - | 4,540 |
| Contingency | 50,288 | - | 50,288 |
| Capital Outlay | 7,500 | 452 | 7,048 |
| TOTAL EXPENDITURES | 320,338 | 376,556 | (56,218) |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | (225,288) | (88,646) | 136,642 |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers In | 175,000 | 97,391 | (77,609) |
| CHANGE IN FUND BALANCE | (50,288) | 8,745 | 59,033 |
| FUND BALANCE, Beginning | 50,288 | 4,354 | (45,934) |
| FUND BALANCE, Ending | $ - | $ 13,099 | $ 13,099 |

**SOUTH ROUTT SCHOOL DISTRICT RE-3**
BUDGETARY COMPARISON SCHEDULE
STUDENT ACTIVITY FUND
Year Ended June 30, 2025

| | ORIGINAL AND FINAL BUDGET | ACTUAL | VARIANCE Positive (Negative) |
|---|---|---|---|
| REVENUES | | | |
| Local Sources | | | |
| Pupil Activity | $ 110,500 | $ 143,174 | $ 32,674 |
| EXPENDITURES | | | |
| Current | | | |
| Instruction | 110,500 | 156,853 | (46,353) |
| Contingency | 43,691 | - | 43,691 |
| TOTAL EXPENDITURES | 154,191 | 156,853 | (2,662) |
| CHANGE IN FUND BALANCE | (43,691) | (13,679) | 30,012 |
| FUND BALANCE, Beginning | 43,691 | 46,559 | 2,868 |
| FUND BALANCE, Ending | $ - | $ 32,880 | $ 32,880 |

**SOUTH ROUTT SCHOOL DISTRICT RE-3**
BUDGETARY COMPARISON SCHEDULE
CAPITAL CONSTRUCTION FUND
Year Ended June 30, 2025

| | ORIGINAL AND FINAL BUDGET | ACTUAL | VARIANCE Positive (Negative) |
|---|---|---|---|
| REVENUES | | | |
| Local Sources | $ 936,183 | $ 1,537,651 | $ 601,468 |
| EXPENDITURES | | | |
| Instruction | 285,183 | - | 285,183 |
| Supporting Services | 26,000 | 5,244 | 20,756 |
| Capital Outlay | 625,000 | 834,564 | (209,564) |
| Contingency | 132,614 | - | 132,614 |
| TOTAL EXPENDITURES | 1,068,797 | 839,808 | 228,989 |
| CHANGE IN FUND BALANCE | (132,614) | 697,843 | 830,457 |
| FUND BALANCE, Beginning | 132,614 | - | (132,614) |
| FUND BALANCE, Ending | $ - | $ 697,843 | $ 697,843 |