

Washington County School District R-3
Otis, Colorado

Financial Statements

For the Year ended June 30, 2025

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Independent Auditors' Report

Board of Education
Washington County School District R-3
Otis, Colorado

Opinions

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, 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 for Opinions

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

Change in Accounting Principle

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Other Supplementary Information

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

Lauer, Szabo & Associates, P.C.

Sterling, Colorado
February 5, 2026

WASHINGTON COUNTY SCHOOL DISTRICT R-3
Management Discussion and Analysis
For Fiscal Year Ended June 30, 2025

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

Financial Highlights

- The assets and deferred outflows of resources of Otis School District R-3 exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$14,791,936 (net position).
- The district's total net position increased by \$150,452.
- General revenues and extraordinary items accounted for \$4,365,702 or 89% of the \$4,884,464 in total revenues. Program specific revenues in the form of charges for services, sales, and grants accounted for \$518,762 or 11% of revenues.
- The general fund ending fund balance reached \$3,084,021, an increase of \$21,931 from last year.

Overview of Financial Statements

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

Government-wide Statements

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

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

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

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

Fund Financial Statements

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

Governmental Funds

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

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

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

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

Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements may be found on pages 20-58 of this report.

Other information

In addition to the basic financial statements, this report also presents other supplementary information concerning the School District’s annual appropriated budgets with comparison statements that demonstrate compliance with budgets. Budgeted amounts may be found on pages 74-87.

Financial Analysis of the School District as a Whole

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

82% of the School District’s assets are capital assets (e.g., land, buildings and equipment). The school District uses these assets to provide instruction and related services to its students.

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

	Governmental Activities		Total Percentage Change
	2025	2024	2024-2025
Current and Other assets	\$ 3,709,502	\$ 3,737,289	-0.74%
Capital assets	17,444,031	17,691,184	-1.39%
Total assets	21,153,533	21,428,473	-1.28%
Deferred outflows of resources	828,216	1,128,921	-26.63%
Total assets and deferred outflows of resources	\$21,981,749	\$22,557,394	-2.55%
Long term liabilities	\$ 6,556,512	\$ 7,214,267	-9.11%
Other liabilities	170,538	198,653	-14.15%
Total liabilities	6,727,050	7,412,920	-9.25%
Deferred inflows of resources	462,763	367,542	25.90%
Net investment in capital assets	15,566,295	15,628,355	-0.39%
Restricted	544,388	625,978	-13.03%
Unrestricted (deficit)	(1,318,747)	(1,477,401)	-10.73%
Total net position	14,791,936	14,776,932	0.10%
Total liabilities, deferred inflows of resources and net position	\$21,981,749	\$22,557,394	-2.55%

Net position for FY 2024 was not restated as presented above for the implementation of GASB 101. Additional information on the restatement can be found in Note N to the basic financial statements.

Following is a summary of the School District's change in net position.

Revenues	Governmental Activities		Total Percentage Change
	2025	2024	2024-2025
Program Revenues			
Charges for services	\$ 45,010	\$ 43,785	2.79%
Operating Grants & Contributions	473,752	609,159	-22.22%
Capital Grants	-	-	N/A
General Revenues			
Taxes	840,430	863,266	-2.64%
State equalization	3,037,369	2,730,192	11.25%
Other	286,090	309,799	-7.65%
Total Revenue	4,682,651	4,556,201	2.77%
Expenses			
Instruction	2,351,740	2,524,349	-6.83%
Pupil & Instructional Services	249,902	201,786	23.84%
Administration & Business	417,927	386,047	8.25%
Maintenance & Operations	697,178	605,665	15.10%
Transportation	261,316	238,596	9.52%
Other	755,949	761,354	-0.70%
Total Expenses	4,734,012	4,717,797	0.34%
Increase in net position before extraordinary items	(51,361)	(161,596)	-68.21%
Extraordinary items	201,813	-	100.00%
Change in net position	\$ 150,452	\$ (161,596)	193.10%

Net position for FY 2024 was not restated as presented above for the implementation of GASB 101. Additional information on the restatement can be found in Note N to the basic financial statements.

Governmental Activities

The primary source of operating revenue for school districts comes from the School Finance Act of 1994, as amended (SFA). Under the SFA the School District received \$19,208 per funded student. In fiscal year 2024-25 the funded pupil count was 192.1. Funding for the SFA comes from property taxes, specific ownership tax and state equalization. The School District receives approximately 82% of this funding from state equalization while the remaining amount comes from property taxes and specific ownership tax. The School District's assessed valuation generated \$586,224 in property taxes levied for general purposes for fiscal year 2025.

Governmental Funds

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

At the end of the fiscal year, the School District’s governmental funds reported combined ending fund balances of \$3,537,488, a decrease of \$3,597.

General Fund Budget Highlights

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

The District enrollment has declined however, it seems to align with what is being seen across education as a whole.

Spending has remained in line with the budget and the general fund balance has 6 months in reserve.

Food Service has been outsourced to Chartwells. Staff lunches are being paid by the general fund as an extra benefit. Student lunches are paid by a voter approved tax. Families are still encouraged to apply for free or reduced lunches which helps with other sources of funding.

The district is required to support special education needs with mandated paraprofessional educators.

Capital Assets and Debt Administration

Capital Assets

The School Districts investment in capital assets for its governmental activities as of June 30, 2025 amounts to \$17,444,031 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, equipment, and leased assets all with an original cost greater than \$5,000.

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

	Governmental Activities
Land	\$ 23,856
Construction in Progress	408,750
Building Improvements	16,463,974
Furniture & Equipment	26,483
Leased Equipment	72,373
Vehicles	448,595
Total Capital Assets	<u>\$ 17,444,031</u>

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

Long-Term Debt

At year-end, the School District's long-term debt of \$2,052,612 represented its compensated absences of \$174,876, general obligation bonds of \$1,324,053, financed purchase of \$479,627, and lease payable of \$74,056.

Additional information on the School District's long-term debt can be found in note G to the basic financial statements.

Economic Factors

- Health insurance premiums increased \$48 per employee per month.
- Energy costs are always on the rise.
- Fuel for buses has remained steady to lower.
- The state economic forecast for 2026 is unknown due to pending legislation, property tax reform and the huge budget deficit in the state of Colorado.

Contacting the Districts Financial Management

This financial report is designed to provide the District's citizens, taxpayers, parents, investors and creditors with a general overview of the District's finances and to demonstrate the district's accountability for the money it receives. If you have any questions about this report or need additional information, contact Washington County School District R-3, 518 Dungan Street, Otis, CO 80743.

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Basic Financial Statements

The basic financial statements of the District include the following:

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

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

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

WASHINGTON COUNTY SCHOOL DISTRICT R-3
Statement of Net Position
June 30, 2025

	Governmental Activities
Assets	
Cash	\$ 1,001,666
Cash with fiscal agent	298,871
Investments	2,358,708
Receivables	41,679
Inventory	8,578
Capital assets, net of depreciation	<u>17,444,031</u>
Total assets	21,153,533
Deferred outflows of resources	
Pension and other post-employment benefit deferrals	810,858
Other post-employment benefit deferrals	<u>17,358</u>
Total deferred outflows of resources	<u>828,216</u>
Total assets and deferred outflows of resources	<u><u>\$ 21,981,749</u></u>
Liabilities	
Accounts payable	\$ 16,664
Accrued salaries and benefits	147,208
Unearned revenue	1,200
Accrued interest payable	5,466
Noncurrent liabilities	
Due within one year	247,729
Due in more than one year	1,804,883
Net pension liability	4,425,381
Net other post-employment benefit liability	<u>78,519</u>
Total liabilities	6,727,050
Deferred inflows of resources	
Pension and other post-employment benefit deferrals	402,001
Other post-employment benefit deferrals	<u>60,762</u>
Total deferred inflows of resources	462,763
Net position	
Net investment in capital assets	15,566,295
Restricted for:	
Emergencies	140,000
Health care benefits	48,071
Food service operations	9,245
Scholarships	72,367
Debt service	274,705
Unrestricted (deficit)	<u>(1,318,747)</u>
Total net position	<u>14,791,936</u>
Total liabilities, deferred inflows of resources and net position	<u><u>\$ 21,981,749</u></u>

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

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WASHINGTON COUNTY SCHOOL DISTRICT R-3
Statement of Activities
For the Year Ended June 30, 2025

	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities				
Instruction	\$ 2,351,740	\$ 31,181	\$ 335,366	
Supporting services				
Students	185,973			
Instructional staff	63,929		9,474	
General administration	191,443			
School administration	137,351			
Business services	89,133			
Operations and maintenance	697,178			
Student transportation	261,316		36,769	
Central support services	102,104			
Food service operations	170,060	13,829	92,143	
Facilities acquisition	1,889			
Unallocated depreciation *	424,932			
Interest and fiscal charges	56,964			
Total governmental activities	<u>\$ 4,734,012</u>	<u>\$ 45,010</u>	<u>\$ 473,752</u>	<u>\$ -</u>

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

General revenues and extraordinary items

Taxes

Property taxes, levied for general purposes

Property taxes, levied for debt service

Specific ownership taxes

Delinquent taxes and interest

State equalization

Earnings on investments

Other

Extraordinary item - BEST Trust surplus disbursement

Total general revenues and extraordinary iter

Change in net position

Net position at beginning of year, as previously reported

Restatement for change in accounting principle

Net position at beginning of year, as restated

Net position at end of year

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

Net (Expenses)
Revenues and
Changes in
Net Position

Total
Governmental
Activities

\$ (1,985,193)

(185,973)
(54,455)
(191,443)
(137,351)
(89,133)
(697,178)
(224,547)
(102,104)
(64,088)
(1,889)
(424,932)
(56,964)

(4,215,250)

586,224
159,741
93,320
1,145
3,037,369
127,997
158,093

201,813

4,365,702

150,452

14,776,932

(135,448)

14,641,484

\$ 14,791,936

WASHINGTON COUNTY SCHOOL DISTRICT R-3
Balance Sheet
Governmental Funds
June 30, 2025

	General Fund	Food Service Fund	Other Governmental Funds	Total Governmental Funds
Assets				
Cash	\$ 814,672	\$ 16,177	\$ 170,817	\$ 1,001,666
Cash with fiscal agent	26,100		272,771	298,871
Investments	2,358,708			2,358,708
Property taxes receivable	11,408		9,908	21,316
Due from other funds	18,717			18,717
Grants receivable	9,976	10,378		20,354
Other receivables		9		9
Inventories		8,578		8,578
Total assets	\$ 3,239,581	\$ 35,142	\$ 453,496	\$ 3,728,219
Liabilities				
Due to other funds		\$ 17,685	\$ 1,032	\$ 18,717
Accounts payable	\$ 15,354	10	1,300	16,664
Accrued salaries and benefits	140,206	7,002		147,208
Unearned revenue		1,200		1,200
Total liabilities	155,560	25,897	2,332	183,789
Deferred inflows of resources				
Deferred property tax revenues			6,942	6,942
Fund balance				
Nonspendable inventories		8,578		8,578
Restricted for:				
Emergencies	140,000			140,000
Health care benefits	48,071			48,071
Food service operations		667		667
Scholarships			72,367	72,367
Debt service			274,705	274,705
Committed to:				
Pupil activities			97,150	97,150
Assigned to risk management	15,948			15,948
Unassigned	2,880,002			2,880,002
Total fund balance	3,084,021	9,245	444,222	3,537,488
Total liabilities, deferred inflows of resources and fund balance	\$ 3,239,581	\$ 35,142	\$ 453,496	\$ 3,728,219

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

WASHINGTON COUNTY SCHOOL DISTRICT R-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 balance - governmental funds	\$ 3,537,488
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.	17,444,031
Certain receivables will be collected in the next fiscal year, but are not available soon enough to pay for the current period's expenditures and therefore are reported as deferred inflows of resources in the funds.	6,942
Accrued interest on long-term debt is not due and payable in the current period and therefore is not reported as a liability in the funds.	(5,466)
Long-term liabilities and related deferred outflows and inflows of resources, including bonds payable, financed purchases, leases payable and the net pension and OPEB liabilities, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	<u>(6,191,059)</u>
Net position of the governmental activities	<u><u>\$ 14,791,936</u></u>

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

WASHINGTON COUNTY SCHOOL DISTRICT R-3
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2025

	General Fund	(Formerly Nonmajor Fund) Food Service Fund	Other Governmental Funds	Total Governmental Funds
Revenues				
Local sources	\$ 860,847	\$ 14,469	\$ 319,741	\$ 1,195,057
Intermediate sources	188			188
State sources	3,283,343	30,221		3,313,564
Federal sources	78,519	61,922		140,441
Total revenues	4,222,897	106,612	319,741	4,649,250
Expenditures				
Instruction	2,297,251		136,907	2,434,158
Supporting services	2,006,512	159,492		2,166,004
Debt service				
Principal retirement	40,570		144,523	185,093
Interest and fiscal charges	26,684		42,721	69,405
Total expenditures	4,371,017	159,492	324,151	4,854,660
Excess of revenues over (under) expenditures	(148,120)	(52,880)	(4,410)	(205,410)
Other financing sources (uses)				
Transfers in	238	32,000		32,238
Transfers out	(32,000)		(238)	(32,238)
Total other financing sources (uses)	(31,762)	32,000	(238)	-
Estraordinary item				
BEST Trust surplus disbursement	201,813			201,813
Net change in fund balances	21,931	(20,880)	(4,648)	(3,597)
Fund balance at beginning of year, as previously reported	3,062,090	-	478,995	3,541,085
Adjustment - changes between major and nonmajor funds		30,125	(30,125)	-
Fund balance at beginning of year, as adjusted	3,062,090	30,125	448,870	3,541,085
Fund balance at end of year	\$ 3,084,021	\$ 9,245	\$ 444,222	\$ 3,537,488

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

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

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

Net change in fund balances - governmental funds	\$ (3,597)
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities, those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expense in the statement of activities. This is the amount by which depreciation exceeded capital outlays in the current period.	(247,154)
Because some property taxes will not be collected for several months after the fiscal year ends, they are not considered as "available" revenues in the governmental funds and are, instead, counted as deferred tax revenues. They are however, recorded as revenues in the statement of activities.	(8,515)
In the statement of activities, certain expenses - accrued interest payable and compensated absences - are measured by the amounts incurred during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid.)	(26,988)
Governmental funds report pension and OPEB contributions as expenditures. However, in the statement of activities, service costs, current year benefit changes, member contributions, expected earnings on plan investments, administrative expenses and recognition of deferred outflows and inflows from the pensions and OPEB are reported as expense.	251,613
Repayment of principal on general obligation bonds, financed purchases and lease liabilities are expenditures in the governmental funds, but the repayment reduces the long-term debt liability in the statement of net position.	185,093
Change in net position of governmental activities	<u>\$ 150,452</u>

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

WASHINGTON COUNTY SCHOOL DISTRICT R-3

Notes to Financial Statements

Note A – Summary of significant accounting policies

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

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

A.1 – Reporting entity

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

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

A.2 – Fund accounting

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

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

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

WASHINGTON COUNTY SCHOOL DISTRICT R-3
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

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

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

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

The following are the District's nonmajor governmental funds:

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

Scholarship Fund – This fund is a special revenue fund used to account for the financial transactions related to the administration of scholarships that are awarded to students.

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

Capital Reserve Capital Projects Fund – This fund is a capital projects fund used to account for and report financial resources that have been designated for capital outlays acquisition or construction of major capital facilities and other capital assets. This fund was closed out during the year.

Note A.3 – Basis of presentation

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

WASHINGTON COUNTY SCHOOL DISTRICT R-3
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

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

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

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

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

A.4 – Basis of accounting

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

WASHINGTON COUNTY SCHOOL DISTRICT R-3
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

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

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

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

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

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

WASHINGTON COUNTY SCHOOL DISTRICT R-3
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

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

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

A.5 – Encumbrances

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

A.6 – Short-term interfund receivables/payables

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

A.7 – Inventories

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

A.8 – Capital assets

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

WASHINGTON COUNTY SCHOOL DISTRICT R-3
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

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

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

<u>Description</u>	<u>Governmental Activities</u>
Buildings and improvements	20-50 years
Furniture and equipment	5-25 years
Licensed vehicles	7-10 years

A.9 – Compensated absences

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

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

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

A.10 – Accrued liabilities and long-term obligations

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

WASHINGTON COUNTY SCHOOL DISTRICT R-3
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

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

A.11 – Leases

The District determines if an arrangement is a lease at inception. Leases are included in capital assets and lease liabilities in the statement of net position.

Lease assets represent the District's control of the right to use an underlying asset for the lease term, as specified in the contract, in an exchange or exchange-like transaction. Lease assets are recognized at the commencement date based on the initial measurement of the lease liability, plus any payment made to the lessor at or before the commencement of the lease term and certain direct costs. Lease assets are amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

Lease liabilities represent the District's obligation to make lease payments arising from the lease. Lease liabilities are recognized at the commencement date based on the present value of expected lease payments over the lease term, less any lease incentives. Interest expense is recognized ratably of the contract term. The lease term may include options to extend or terminate the lease when it is reasonably certain that the District will exercise that option.

The District recognizes payments for short-term leases with a lease term of 12 months or less as expenses are incurred, and the leases are not included as lease liabilities or right-to-use lease assets in the statement of net position.

A.12 – Fund balance

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

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

WASHINGTON COUNTY SCHOOL DISTRICT R-3
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

- *Nonspendable*, such as fund balance associated with inventories, prepaid expenditures, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed or assigned),
- *Restricted* fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.
- *Committed* fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the board of education (the District's highest level of decision-making authority),
- *Assigned* fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed, and
- *Unassigned* fund balance is the residual classification for the District's general fund and includes all spendable amounts not contained in the other classifications.

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

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

A.13 – Net position

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

A.14 – Interfund transactions

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures in

WASHINGTON COUNTY SCHOOL DISTRICT R-3
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

the reimbursing fund and as reductions of expenditures in the fund that is reimbursed. All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. In general, the effect of interfund activity has been eliminated from the government-wide financial statements.

A.15 – Extraordinary and special items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the board of education and that are either unusual in nature or infrequent in occurrence. The District reported one extraordinary item in the current period (see Note O).

Note B – Cash and investments

Cash and deposits

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

Custodial credit risk – deposits – Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of year-end, the District had total deposits of \$1,020,216, of which \$458,274 was insured and \$561,942 was collateralized with securities held by the pledging institution's trust department or agent in the District's name.

Investments

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

- Obligations of the U.S. Government such as treasury bills, notes and bonds
- Certain international agency securities
- General obligation and revenue bonds of United States local government entities

WASHINGTON COUNTY SCHOOL DISTRICT R-3
Notes to Financial Statements

Note B – Cash and investments (Continued)

- Bankers acceptances of certain banks
- Commercial paper
- Local government investment pools
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts

During the year, the District invested in ColoTrust (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commission administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund and each share is equal in value to \$1.00. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and repurchase agreements collateralized by certain obligations of U.S. government agencies. A designated custodial bank serves as custodian for the Trust’s portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust’s investment portfolios and provides services as the depository in connection with direct investments and withdrawals. As of June 30, 2025, the District had invested \$2,358,708 in COLOTRUST PLUS+, an SEC Rule 2a7-like investment pool. Investments are valued at the net asset value (NAV) of \$1.00. The investment pools are routinely monitored by the Colorado Division of Securities with regard to operations and investments.

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

<u>Investment type</u>	<u>Fair value</u>	<u>Investment maturities (in years)</u>		
		<u>Less than 1</u>	<u>1-5</u>	<u>6-10</u>
Investment in ColoTrust	<u>\$ 2,358,708</u>	<u>\$ 2,358,708</u>	<u>\$ -</u>	<u>\$ -</u>

Interest rate risk – The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing rates.

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

WASHINGTON COUNTY SCHOOL DISTRICT R-3
Notes to Financial Statements

Note C – Receivables

Receivables at year-end consist of the following:

	<u>Governmental Receivables</u>
Property taxes receivable	\$ 21,316
Grants receivable	20,354
Other receivables	<u>9</u>
Total	<u>\$ 41,679</u>

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

Note D – Interfund transactions

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

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
<u>Governmental funds</u>		
General fund	\$ 18,717	\$ -
Food service fund	-	17,685
Other governmental funds	<u>-</u>	<u>1,032</u>
Total	<u>\$ 18,717</u>	<u>\$ 18,717</u>

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

	<u>Transfers In</u>	<u>Transfers Out</u>
<u>Governmental funds</u>		
General fund	\$ 238	\$ 32,000
Food service fund	32,000	-
Other governmental funds	<u>-</u>	<u>238</u>
Total	<u>\$ 32,238</u>	<u>\$ 32,238</u>

WASHINGTON COUNTY SCHOOL DISTRICT R-3
Notes to Financial Statements

Note D – Interfund transactions (Continued)

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them. During the year, the District transferred funds in the amount of \$32,000 from the General Fund to the Food Service Fund to subsidize the costs of maintaining the District’s food service operations and from the Other Governmental Funds to the General Fund in the amount of \$238 to close out the Capital Reserve Capital Projects Fund.

Note E – Capital assets

Capital asset activity for the year was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions/ Transfers</u>	<u>Ending Balance</u>
Governmental activities				
Capital assets, not being depreciated:				
Land	\$ 23,856	\$ -	\$ -	\$ 23,856
Construction in progress	<u>395,750</u>	<u>13,000</u>	<u>-</u>	<u>408,750</u>
 Total capital assets, not being depreciated	 419,606	 13,000	 -	 432,606
Capital assets, being depreciated:				
Buildings and improvements	20,994,603	14,058	-	21,008,661
Furniture and equipment	307,362	12,423	-	319,785
Leased equipment	106,035	-	-	106,035
Licensed vehicles	<u>639,167</u>	<u>236,690</u>	<u>-</u>	<u>875,857</u>
 Total capital assets, being depreciated	 <u>22,047,167</u>	 <u>263,171</u>	 <u>-</u>	 <u>22,310,338</u>
 Total capital assets	 22,466,773	 276,171	 -	 22,742,944
Less accumulated depreciation for:				
Buildings and improvements	(4,119,755)	(424,932)	-	(4,544,687)
Furniture and equipment	(274,203)	(19,099)	-	(293,302)
Leased equipment	(13,465)	(20,197)	-	(33,662)
Licensed vehicles	<u>(368,165)</u>	<u>(59,097)</u>	<u>-</u>	<u>(427,262)</u>
 Total accumulated depreciation	 <u>(4,775,588)</u>	 <u>(523,325)</u>	 <u>-</u>	 <u>(5,298,913)</u>
 Governmental activities capital assets, net	 <u>\$ 17,691,185</u>	 <u>\$ (247,154)</u>	 <u>\$ -</u>	 <u>\$ 17,444,031</u>

WASHINGTON COUNTY SCHOOL DISTRICT R-3
Notes to Financial Statements

Note E – Capital assets (Continued)

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

Governmental activities		
Instruction	\$	23,030
Operations and maintenance		5,698
Student transportation		59,097
Food service operations		10,568
Unallocated		<u>424,932</u>
 Total depreciation expense	 \$	 <u>523,325</u>

Note F – Accrued salaries and benefits

Salaries and benefits of certain contractually employed personnel are paid over a twelve-month period from August to September, but are earned during a school year of approximately nine to ten months. The salaries and benefits earned but not paid at year-end are estimated to be \$147,208. Accordingly, this accrued compensation is reflected as a liability in the accompanying financial statements.

Note G – Long-term debt

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

	Beginning Balances, As Restated	Additions	Reductions	Ending Balances	Due within one year
Governmental activities					
Compensated absences	\$ 135,448	\$ 39,428*	\$ -	\$ 174,876	\$ 53,665
Bonds payable	1,468,576	-	(144,523)	1,324,053	148,867
Financed purchase	500,000	-	(20,373)	479,627	25,000
Lease payable	<u>94,253</u>	<u>-</u>	<u>(20,197)</u>	<u>74,056</u>	<u>20,197</u>
Totals	<u>\$ 2,198,277</u>	<u>\$ 39,428</u>	<u>\$ (185,093)</u>	<u>\$ 2,052,612</u>	<u>\$ 247,729</u>

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

Payments on the general obligation bonds are made in the Bond Redemption Fund, while payments on the financed purchase and lease payable are made in the General Fund.

WASHINGTON COUNTY SCHOOL DISTRICT R-3
Notes to Financial Statements

Note G – Long-term debt (Continued)

Bonds Payable

\$2,806,495 general obligation bonds, dated November 27, 2012, due in annual installments beginning in fiscal year 2013 ranging from \$105,478 to \$183,161; fixed annual interest rate of 3.01% payable semi-annually on June 1st and December 1st.

\$ 1,324,053

Financed Purchase

Facility renovation obligation– In December 2023, the District entered into an agreement with Bank of Colorado to finance the construction of a new transportation building, parking lot and related improvements, and reimbursement for the purchase of a new bus, totaling \$500,000. The agreement calls for annual renewal options. Fixed, annual principal payments range from \$20,000 to \$45,000, and are due on December 1st of each year, with a final payment due in fiscal year 2039. The average interest rate over the term is 5.450%, however every five years from closing, the interest rate is reset to the Federal Home Loan Bank of Topeka 5-year rate plus 0.95% per annum, but shall not be less than 4.50%. The District is also required to maintain \$50,000 in a Reserve Fund beginning at the execution of the lease.

The agreement contains a provision that, in the event of default, the Lender may declare all payments due immediately. Moneys held in the Reserve Fund shall be applied, at the option of the Lender, to the payment of any cost or expense necessary to preserve or protect the leased property. The District also shall pay the Lender the fees of attorneys and other expenses incurred related to the collection of base rentals in the event of default. The loan is secured by the new bus and District owned real property.

The following schedule represents the District’s debt service requirements to maturity for its financed purchase and bonds payable at year-end:

<u>Year Ending June 30,</u>	<u>Bonds Payable</u>		<u>Financed Purchase</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2026	\$ 148,867	\$ 37,562	\$ 25,000	\$ 25,479
2027	153,342	33,020	25,000	24,116
2028	157,951	28,342	25,000	22,754
2029	162,699	23,523	30,000	21,255
2030	167,590	18,558	30,000	19,620
2031-2035	533,604	24,376	175,000	71,259
2036-2039	-	-	169,627	19,075
Totals	<u>\$ 1,324,053</u>	<u>\$ 165,381</u>	<u>\$ 479,627</u>	<u>\$ 203,558</u>

WASHINGTON COUNTY SCHOOL DISTRICT R-3
Notes to Financial Statements

Note G – Long-term debt (Continued)

Lease payable

In November 2023, the District entered into a 63-month lease as lessee for four copy machines. An initial lease liability was recorded at \$106,035. As of year-end, the value of the lease liability is \$74,056. The District is required to make fixed monthly payments of \$1,683. The lease has 0% interest and there are no residual value guarantees in the lease provisions. A summary of the principal amounts for the remaining lease is as follows:

<u>Year ending June 30,</u>	<u>Principal</u>
2026	\$ 20,197
2027	20,197
2028	20,197
2029	<u>13,465</u>
Total	<u>\$ 74,056</u>

Note H – Defined benefit pension plan

Summary of Significant Accounting Policies

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

General Information about the Pension Plan

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

WASHINGTON COUNTY SCHOOL DISTRICT R-3
Notes to Financial Statements

Note H – Defined benefit pension plan (Continued)

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

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

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

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

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

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

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

Upon meeting certain criteria, benefit recipients who elect to receive a lifetime retirement benefit generally receive post-retirement cost-of-living adjustments, referred to as annual increases in the C.R.S. Subject to the automatic adjustment provision (AAP) under C.R.S. § 24-51-413, eligible benefit recipients under the PERA benefit structure who began membership before January 1, 2007, and all eligible benefit recipients of the DPS benefit

WASHINGTON COUNTY SCHOOL DISTRICT R-3
Notes to Financial Statements

Note H – Defined benefit pension plan (Continued)

structure will receive the maximum annual increase (AI) or AI cap of 1.00% unless adjusted by the AAP. Eligible benefit recipients under the PERA benefit structure who began membership on or after January 1, 2007, will receive the lesser of an annual increase of the 1.00% AI cap or the average increase of the Consumer Price Index for Urban Wage Earners and Clerical Workers for the prior calendar year, not to exceed a determined increase that would exhaust 10% of PERA’s Annual Increase Reserve (AIR) for the SCHDTF. The AAP may raise or lower the aforementioned AI cap by up to 0.25% based on the parameters specified in C.R.S. § 24-51-413.

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

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

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

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

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

WASHINGTON COUNTY SCHOOL DISTRICT R-3
Notes to Financial Statements

Note H – Defined benefit pension plan (Continued)

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from the District were \$419,574 for the year ended June 30, 2025.

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

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

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

At year end, the District reported a liability of \$4,425,381 for its proportionate share of the net pension liability that reflected a reduction for support from the State as a nonemployer contributing entity. The amount recognized by the District as its proportionate share of the net pension liability, the related support from the State as a nonemployer contributing entity, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the net pension liability	\$ 4,425,381
The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the District	<u>397,469</u>
Total	<u>\$ 4,822,850</u>

At December 31, 2024, the District's proportion was 0.0256%, which was a decrease of 0.0028% from its proportion measured as of December 31, 2023.

WASHINGTON COUNTY SCHOOL DISTRICT R-3
Notes to Financial Statements

Note H – Defined benefit pension plan (Continued)

For the year ended June 30, 2025, the District recognized pension expense of \$279,871 and revenue of \$36,277 for support from the State as a nonemployer contributing entity. At year-end, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 263,413	\$ -
Changes of assumptions or other inputs	33,178	-
Net difference between projected and actual earnings on pension plan investments	-	20,014
Changes in proportion and differences between contributions recognized and proportionate share of contributions	298,988	381,987
Contributions subsequent to the measurement date	<u>215,279</u>	<u>-</u>
Total	<u>\$ 810,858</u>	<u>\$ 402,001</u>

\$215,279 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Amount</u>
2026	\$ 217,595
2027	222,315
2028	(186,784)
2029	<u>(59,548)</u>
Totals	<u>\$ 193,578</u>

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

WASHINGTON COUNTY SCHOOL DISTRICT R-3
Notes to Financial Statements

Note H – Defined benefit pension plan (Continued)

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

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

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

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

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

WASHINGTON COUNTY SCHOOL DISTRICT R-3
Notes to Financial Statements

Note H – Defined benefit pension plan (Continued)

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

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

Salary scale assumptions were altered to better reflect actual experience.

Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.

The estimated administrative expense as a percentage of covered payroll was increased from 0.40% to 0.45%.

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

	Mortality Table	Adjustments, as Applicable
Pre-Retirement	PubT-2010 Employee	N/A
Post-Retirement (Retiree), Non-Disabled	PubT-2010 Healthy Retiree	Males: 106% of the rates for all ages Females: 86% of the rates prior to age 85/115% of the rates age 85 and older
Post-Retirement (Beneficiary), Non-Disabled	Pub-2010 Contingent Survivor	Males: 92% of the rates for all ages Females: 100% of the rates for all ages
Disabled	PubNS-2010 Disabled Retiree	95% of the rates for all ages

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

WASHINGTON COUNTY SCHOOL DISTRICT R-3
Notes to Financial Statements

Note H – Defined benefit pension plan (Continued)

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

The PERA Board first adopted the 7.25% long-term expected rate of return as of November 18, 2016. Following an asset/liability study, the Board reaffirmed the assumed rate of return at the November 15, 2019, meeting, and again at the Board's September 20, 2024, meeting. As of the most recent reaffirmation of the long-term rate of return, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the table as follows:

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

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

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

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

WASHINGTON COUNTY SCHOOL DISTRICT R-3
Notes to Financial Statements

Note H – Defined benefit pension plan (Continued)

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

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

WASHINGTON COUNTY SCHOOL DISTRICT R-3
Notes to Financial Statements

Note H – Defined benefit pension plan (Continued)

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

	1% Decrease <u>(6.25%)</u>	Current Discount Rate <u>(7.25%)</u>	1% Increase <u>(8.25%)</u>
Proportionate share of the net pension liability	\$ 5,999,791	\$ 4,425,381	\$ 3,106,593

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

Payables to the pension plan

The District did not report any payables to the pension plan at year-end.

Subsequent events

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

Note I – Defined contribution pension plan

Voluntary Investment Program (PERAPlus 401(k) Plan)

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

WASHINGTON COUNTY SCHOOL DISTRICT R-3
Notes to Financial Statements

Note I – Defined contribution pension plan (Continued)

Funding policy - The PERAPlus 401(k) Plan is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. The District does not offer matching contributions to its employees. Employees are immediately vested in their own contributions and investment earnings. For the year ended June 30, 2025, program members contributed \$1,700 and the District recognized pension expense and a liability of \$14,150 and \$0, respectively, for the PERAPlus 401(k) Plan.

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

Summary of Significant Accounting Policies

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

General Information about the OPEB Plan

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

Benefits provided. The HCTF provides a health care premium subsidy to eligible participating PERA benefit recipients and retirees who choose to enroll in one of the PERA health care plans, however, the subsidy is not available if only enrolled in the dental and/or vision plan(s). The health care premium subsidy is based upon the benefit structure under which the member retires and the member's years of service credit. For members who retire having service credit with employers in the Denver Public Schools (DPS) Division and one or more of the other four Divisions (State, School, Local Government and Judicial), the premium subsidy is allocated between the HCTF and the Denver Public Schools Health

WASHINGTON COUNTY SCHOOL DISTRICT R-3
Notes to Financial Statements

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

Care Trust Fund (DPS HCTF). The basis for the amount of the premium subsidy funded by each trust fund is the percentage of the member contribution account balance from each division as it relates to the total member contribution account balance from which the retirement benefit is paid.

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

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

PERA Benefit Structure

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

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

WASHINGTON COUNTY SCHOOL DISTRICT R-3
Notes to Financial Statements

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

DPS Benefit Structure

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

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

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

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the District were \$20,999 for the year ended June 30, 2025.

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

At year-end, the District reported a liability of \$78,519 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2024, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2023. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2024. The District's proportion of the net OPEB liability was based on the District's contributions to the HCTF for the calendar year 2024 relative to the total contributions of participating employers to the HCTF.

At December 31, 2024, the District's proportion was 0.0164%, which was a decrease of 0.0006% from its proportion measured as of December 31, 2023.

WASHINGTON COUNTY SCHOOL DISTRICT R-3
Notes to Financial Statements

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

For the year ended June 30, 2025, the District recognized OPEB expense of \$(12,716). At year-end, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$ 18,388
Changes of assumptions or other inputs	1,012	25,746
Net difference between projected and actual earnings on OPEB plan investments	674	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	4,897	16,628
Contributions subsequent to the measurement date	<u>10,775</u>	<u>-</u>
Total	<u>\$ 17,358</u>	<u>\$ 60,762</u>

\$10,775 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ended June 30,</u>	<u>Amount</u>
2026	\$ (15,840)
2027	(8,445)
2028	(12,948)
2029	(8,559)
2030	(5,667)
2031	<u>(2,720)</u>
Total	<u>\$ (54,179)</u>

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

WASHINGTON COUNTY SCHOOL DISTRICT R-3
Notes to Financial Statements

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

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

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

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

WASHINGTON COUNTY SCHOOL DISTRICT R-3
Notes to Financial Statements

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

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

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

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

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

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

WASHINGTON COUNTY SCHOOL DISTRICT R-3
Notes to Financial Statements

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

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

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

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

<u>Year</u>	<u>PERACare Medicare Plans¹</u>	<u>MAPD PPO #2</u>	<u>Medicare Part A Premiums</u>
2024	16.00%	105.00%	3.50%
2025	6.75%	8.55%	3.75%
2026	6.50%	8.10%	3.75%
2027	6.25%	7.65%	4.00%
2028	6.00%	7.20%	4.00%
2029	5.75%	6.75%	4.25%
2030	5.50%	6.30%	4.25%
2031	5.25%	5.85%	4.25%
2032	5.00%	5.40%	4.25%
2033	4.75%	4.95%	4.50%
2034+	4.50%	4.50%	4.50%

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

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

WASHINGTON COUNTY SCHOOL DISTRICT R-3
Notes to Financial Statements

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

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

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

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

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

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

WASHINGTON COUNTY SCHOOL DISTRICT R-3
Notes to Financial Statements

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

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

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

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

- Salary scale assumptions were altered to better reflect actual experience.
- Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.
- Participation rates were reduced.
- MAPD premium costs are no longer age graded.

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

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

WASHINGTON COUNTY SCHOOL DISTRICT R-3
Notes to Financial Statements

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

School Division	Mortality Table	Adjustments, as Applicable
Pre-Retirement	PubT-2010 Employee	N/A
Post-Retirement (Retiree), Non-Disabled	PubT-2010 Healthy Retiree	Males: 106% of the rates for all ages Females: 86% of the rates prior to age 85/115% of the rates age 85 and older
Post-Retirement (Beneficiary), Non-Disabled	Pub-2010 Contingent Survivor	Males: 92% of the rates for all ages Females: 100% of the rates for all ages
Disabled	PubNS-2010 Disabled Retiree	95% of the rates for all ages

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

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

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

The PERA Board first adopted the 7.25% long-term expected rate of return as of November 18, 2016. Following an asset/liability study, the Board reaffirmed the assumed rate of return at the November 15, 2019, meeting, and again at the Board’s September 20, 2024, meeting. As of the most recent reaffirmation of the long-term rate of return, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the table as follows:

WASHINGTON COUNTY SCHOOL DISTRICT R-3
Notes to Financial Statements

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

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

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

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

	<u>1% Decrease in Trend Rates</u>	<u>Current Trend Rates</u>	<u>1% Increase in Trend Rates</u>
Initial PERACare Medicare trend rate ¹	5.75%	6.75%	7.75%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial MAPD PPO #2 trend rate ¹	7.55%	8.55%	9.55%
Ultimate MAPD PP #2 trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate ¹	2.75%	3.75%	4.75%
Ultimate Medicare Part A trend rate	<u>3.50%</u>	<u>4.50%</u>	<u>5.50%</u>
Net OPEB Liability	\$ 76,403	\$ 78,519	\$ 80,913

¹For the January 1, 2025, plan year.

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

WASHINGTON COUNTY SCHOOL DISTRICT R-3
Notes to Financial Statements

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

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2024, measurement date.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00%.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Estimated transfers of dollars into the HCTF representing a portion of purchase service agreements intended to cover the costs associated with OPEB benefits.
- Benefit payments and contributions were assumed to be made at the middle of the year.
- As of the December 31, 2024, measurement date, the FNP and related disclosure components for the HCTF reflect additional payments related to the disaffiliation of Tri-County Health as a PERA-affiliated employer, effective December 31, 2022. The additional employer disaffiliation payment allocations to the HCTF and Local Government Division Trust Fund were \$0.020 million and \$0.486 million, respectively.

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

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

WASHINGTON COUNTY SCHOOL DISTRICT R-3
Notes to Financial Statements

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

	1% Decrease <u>(6.25%)</u>	Current Discount Rate <u>(7.25%)</u>	1% Increase <u>(8.25%)</u>
Proportionate share of the net OPEB liability	\$ <u>96,226</u>	\$ <u>78,519</u>	\$ <u>63,253</u>

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

Payables to the OPEB plan

The District did not report any payables to the OPEB plan at year-end.

Note K – Risk management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District participates in the Colorado School Districts Self-Insurance Pool (the Pool). The Pool’s objectives are to provide member school districts defined property and liability coverages through self-insurance and excess insurance purchased from commercial companies. The District pays an annual contribution to the Pool for its insurance coverages. The District’s contribution for the year was \$238,258. The District continues to carry commercial insurance for all other risks of loss, including workers’ compensation and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage or the deductible in any of the past three fiscal years. There has been no significant reduction in insurance coverage from the prior year in any of the major categories of risk.

Note L – Commitments and contingencies

Federal and state funding

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

WASHINGTON COUNTY SCHOOL DISTRICT R-3
Notes to Financial Statements

Note L – Commitments and contingencies (Continued)

TABOR Amendment

In November 1992, Colorado voters passed an amendment, commonly known as the Taxpayer’s Bill of Rights (TABOR), to the State Constitution (Article X, Section 20) which limits the revenue raising and spending abilities of state and local governments. The limits on property taxes, revenue, and “fiscal year spending” include allowable annual increases tied to inflation and local growth in student enrollment. Fiscal year spending as defined by the amendment excludes spending from certain revenue and financing sources such as federal funds, gifts, property sales, fund transfers, damage awards, and fund reserves (balances). The amendment requires voter approval for any increase in mill levy or tax rates, new taxes, or creation of multi-year debt. Revenue earned in excess of the “spending limit” must be refunded or approved to be retained by the District under specified voting requirements by the entire electorate. On November 1, 1998, the voters of the District approved a ballot initiative permitting the District to retain, appropriate, and utilize, by retention for reserve, carryover fund balance, or expenditure, the full proceeds and revenues received from every source whatsoever, without limitation, in this fiscal year and all subsequent fiscal years notwithstanding any limitation of Article X, Section 20 of the Colorado Constitution. TABOR is complex and subject to judicial interpretation. The District believes it is in compliance with the requirements of TABOR. However, the District has made certain interpretations of TABOR’s language in order to determine its compliance. The District has reserved funds in the General Fund in the amount of \$140,000 for the emergency reserve.

Note M – Joint Venture

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

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

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

WASHINGTON COUNTY SCHOOL DISTRICT R-3
Notes to Financial Statements

Note M – Joint Venture (Continued)

Separate financial statements of the Northeast Colorado Board of Educational Services are available by contacting their administrative office in Haxtun, Colorado.

For the year, the District's financial contribution was \$90,910.

Note N – Change in Accounting Principle

Effective July 1, 2024, the District implemented GASB Statement No. 101, *Compensated Absences*. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The effect of this change, as of July 1, 2024, is an increase of \$135,448 in long-term liabilities and a corresponding decrease in net position of the governmental activities.

Note O – Extraordinary item

The District entered into a participation agreement with the Colorado Board of Education Self-Funded Trust, Inc. (the Trust). The Trust provided health care benefits to the eligible employees of its member employers. The Trust's Board of Directors determined that it was no longer feasible to operate the Trust after the termination of participation agreements reduced the number of participating members to a level that was not financially sustainable, and the Trust was subsequently dissolved in its entirety effective June 30, 2023. The remaining assets of the Trust were distributed as applicable to member employers, which resulted in a one-time payment to the District in the amount of \$201,813. The District's participation agreement with the Trust requires that these funds be utilized solely for future health care benefits. At year end, \$48,071 of the District's dissolution payment remains unspent and is reported as restricted fund balance/net position in the financial statements.

Required Supplementary Information

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

- Budgetary Comparison Schedule – General Fund
- Budgetary Comparison Schedule – Food Service Fund
- Schedule of the District’s Proportionate Share of the Net Pension Liability – PERA’s School Division Trust Fund
- Schedule of District Contributions – PERA’s School Division Trust Fund
- Schedule of the District’s Proportionate Share of the Net OPEB Liability – PERA’s Health Care Trust Fund
- Schedule of District Contributions – PERA’s Health Care Trust Fund
- Notes to the Required Supplementary Information

WASHINGTON COUNTY SCHOOL DISTRICT R-3
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2025

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Local sources	\$ 909,437	\$ 909,437	\$ 860,847	\$ (48,590)
Intermediate sources	250	250	188	(62)
State sources	3,060,133	3,170,886	3,283,343	112,457
Federal sources	107,896	107,896	78,519	(29,377)
Total revenues	4,077,716	4,188,469	4,222,897	34,428
Expenditures				
Instruction	2,531,918	2,569,918	2,297,251	272,667
Supporting services	2,084,664	2,099,064	2,006,512	92,552
Debt service				
Principal retirement			40,570	(40,570)
Interest and fiscal charges			26,684	(26,684)
Appropriated reserves	2,440,343	2,532,751		2,532,751
Total expenditures	7,056,925	7,201,733	4,371,017	2,830,716
Excess of revenues over (under) expenditures	(2,979,209)	(3,013,264)	(148,120)	2,865,144
Other financing sources (uses)				
Transfers in	60,002		238	238
Transfers out		(60,000)	(32,000)	28,000
Total other financing sources (uses)	60,002	(60,000)	(31,762)	28,238
Extraordinary item				
BEST Trust surplus disbursement		201,813	201,813	-
Net change in fund balance	\$ (2,919,207)	\$ (2,871,451)	21,931	\$ 2,893,382
Fund balance at beginning of year			3,062,090	
Fund balance at end of year			\$ 3,084,021	

WASHINGTON COUNTY SCHOOL DISTRICT R-3
Food Service Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2025

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Local sources	\$ 43,517	\$ 43,517	\$ 14,469	\$ (29,048)
State sources	10,402	10,402	30,221	19,819
Federal sources	65,854	65,854	61,922	(3,932)
Total revenues	119,773	119,773	106,612	(13,161)
Expenditures				
Food service operations				
Salaries	75,000	75,000	63,318	11,682
Employee benefits	29,500	29,500	26,756	2,744
Purchased services	3,800	3,800	857	2,943
Supplies and materials	77,850	77,850	68,561	9,289
Property	2,000	2,000		2,000
Appropriated reserves	(12,434)	(12,434)		(12,434)
Total expenditures	175,716	175,716	159,492	16,224
Excess of revenues over (under) expenditures	(55,943)	(55,943)	(52,880)	3,063
Other financing sources				
Transfers in	38,688	38,688	32,000	(6,688)
Net change in fund balance	\$ (17,255)	\$ (17,255)	(20,880)	\$ (3,625)
Fund balance at beginning of year			30,125	
Fund balance at end of year			\$ 9,245	

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

	<u>June 30, 2025</u>	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>
District's proportion of the net pension liability	0.0256%	0.0284%	0.0235%	0.0283%
District's proportionate share of the net pension liability	\$ 4,425,381	\$ 5,029,984	\$ 4,286,822	\$ 3,289,947
State's proportionate share of the net pension liability	<u>397,469</u>	<u>110,293</u>	<u>1,249,223</u>	<u>377,150</u>
Total	<u>\$ 4,822,850</u>	<u>\$ 5,140,277</u>	<u>\$ 5,536,045</u>	<u>\$ 3,667,097</u>
District's covered payroll	\$ 1,981,866	\$ 1,880,442	\$ 1,815,267	\$ 1,766,816
District's proportionate share of the net pension liability as a percentage of its covered payroll	223.29%	267.49%	236.15%	186.21%
Plan fiduciary net position as a percentage of the total pension liability	67.17%	64.74%	61.79%	74.86%

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

<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>
0.0300%	0.0281%	0.0288%	0.0318%	0.0322%	0.0317%
\$ 4,531,970	\$ 4,193,254	\$ 5,096,378	\$ 10,280,145	\$ 9,578,780	\$ 4,847,950
<u>-</u>	<u>531,861</u>	<u>696,859</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 4,531,970</u>	<u>\$ 4,725,115</u>	<u>\$ 5,793,237</u>	<u>\$ 10,280,145</u>	<u>\$ 9,578,780</u>	<u>\$ 4,847,950</u>
\$ 1,603,957	\$ 1,649,406	\$ 1,582,281	\$ 1,466,491	\$ 1,444,081	\$ 1,381,381
282.55%	254.23%	322.09%	701.00%	663.31%	350.95%
66.99%	64.52%	57.01%	43.96%	43.10%	59.20%

WASHINGTON COUNTY SCHOOL DISTRICT R-3
Schedule of District Contributions
PERA's School Division Trust Fund
June 30, 2025

	<u>June 30, 2025</u>	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>
Contractually required contribution	\$ 419,574	\$ 399,422	\$ 373,748	\$ 339,900
Contributions in relation to the contractually required contribution	<u>(419,574)</u>	<u>(399,422)</u>	<u>(373,748)</u>	<u>(339,900)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 2,058,753	\$ 1,959,868	\$ 1,833,892	\$ 1,709,756
Contributions as a percentage of covered payroll	20.38%	20.38%	20.38%	19.88%

<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>
\$ 343,047	\$ 320,205	\$ 316,555	\$ 281,491	\$ 267,431	\$ 248,501
<u>(343,047)</u>	<u>(320,205)</u>	<u>(316,555)</u>	<u>(281,491)</u>	<u>(267,431)</u>	<u>(248,501)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,725,584	\$ 1,652,238	\$ 1,654,755	\$ 1,490,814	\$ 1,455,049	\$ 1,401,018
19.88%	19.38%	19.13%	18.88%	18.38%	17.74%

WASHINGTON COUNTY SCHOOL DISTRICT R-3
Schedule of the District's Proportionate Share of the Net OPEB Liability¹
PERA's Health Care Trust Fund
June 30, 2025

	<u>June 30, 2025</u>	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>
District's proportion of the net OPEB liability	0.0164%	0.0170%	0.0179%	0.0185%
District's proportionate share of the net OPEB liability	\$ 78,519	\$ 121,454	\$ 146,056	\$ 159,168
District's covered payroll	\$ 1,981,866	\$ 1,880,442	\$ 1,815,267	\$ 1,766,816
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	3.96%	6.46%	8.05%	9.01%
Plan fiduciary net position as a percentage of the total OPEB liability	59.83%	46.16%	38.57%	39.40%

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

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

<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>
0.0173%	0.0183%	0.0187%	0.0181%	0.0183%
\$ 164,815	\$ 206,185	\$ 254,533	\$ 234,755	\$ 237,120
\$ 1,603,957	\$ 1,649,406	\$ 1,582,281	\$ 1,466,491	\$ 1,444,081
10.28%	12.50%	16.09%	16.01%	16.42%
32.78%	24.49%	17.03%	17.53%	16.72%

WASHINGTON COUNTY SCHOOL DISTRICT R-3
Schedule of District Contributions¹
PERA's Health Care Trust Fund
June 30, 2025

	<u>June 30, 2025</u>	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>
Contractually required contribution	\$ 20,999	\$ 19,991	\$ 18,706	\$ 17,440
Contributions in relation to the contractually required contribution	<u>(20,999)</u>	<u>(19,991)</u>	<u>(18,706)</u>	<u>(17,440)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 2,058,753	\$ 1,959,868	\$ 1,833,892	\$ 1,709,756
Contributions as a percentage of covered payroll	1.02%	1.02%	1.02%	1.02%

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

<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>
\$ 17,601	\$ 16,853	\$ 16,879	\$ 15,206	\$ 14,842
<u>(17,601)</u>	<u>(16,853)</u>	<u>(16,879)</u>	<u>(15,206)</u>	<u>(14,842)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,725,584	\$ 1,652,238	\$ 1,654,755	\$ 1,490,814	\$ 1,455,049
1.02%	1.02%	1.02%	1.02%	1.02%

WASHINGTON COUNTY SCHOOL DISTRICT R-3
Notes to the Required Supplementary Information

Note A – Budgetary data

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

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

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

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

Other Supplementary Information

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

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Budgetary Comparison Schedules – General Fund

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

WASHINGTON COUNTY SCHOOL DISTRICT R-3
General Fund
Budgetary Comparison Schedule - Revenues
For the Year Ended June 30, 2025

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Local sources				
Property taxes	\$ 679,164	\$ 679,164	\$ 599,003	\$ (80,161)
Specific ownership taxes	68,488	68,488	93,320	24,832
Delinquent taxes and interest	2,000	2,000	907	(1,093)
Earnings on investments	104,535	104,535	117,054	12,519
Pupil activities	15,000	15,000	31,181	16,181
Other local revenue	40,250	40,250	19,382	(20,868)
Total local sources	909,437	909,437	860,847	(48,590)
Intermediate sources	250	250	188	(62)
State sources				
Equalization	2,870,415	2,981,168	3,037,369	56,201
Transportation	37,500	37,500	36,769	(731)
State grants to libraries	4,500	4,500	3,124	(1,376)
Additional at-risk funding	1,300	1,300	1,321	21
READ act	8,378	8,378	3,925	(4,453)
Revenue from other agencies	132,940	132,940	94,257	(38,683)
On-behalf payment			36,277	36,277
Services within the BOCES	5,100	5,100	70,301	65,201
Total state sources	3,060,133	3,170,886	3,283,343	112,457
Federal sources				
ESSER	50,520	50,520		(50,520)
REAP	23,776	23,776	24,291	515
Services within the BOCES	33,600	33,600	54,228	20,628
Total federal sources	107,896	107,896	78,519	(29,377)
Total revenues	\$ 4,077,716	\$ 4,188,469	\$ 4,222,897	\$ 34,428

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WASHINGTON COUNTY SCHOOL DISTRICT R-3
General Fund
Budgetary Comparison Schedule - Expenditures
For the Year Ended June 30, 2025

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Expenditures				
Instruction				
Salaries	\$ 1,415,425	\$ 1,438,425	\$ 1,339,365	\$ 99,060
Employee benefits	544,643	544,643	510,744	33,899
Purchased services	330,850	330,850	245,781	85,069
Supplies and materials	209,250	224,250	153,395	70,855
Property	16,300	16,300	30,731	(14,431)
Other	15,450	15,450	17,235	(1,785)
Total instruction	2,531,918	2,569,918	2,297,251	272,667
Supporting services				
Students				
Salaries	116,368	116,368	145,062	(28,694)
Employee benefits	44,220	44,220	54,429	(10,209)
Supplies and materials	1,800	1,800	828	972
Total students	162,388	162,388	200,319	(37,931)
Instructional staff				
Salaries	31,056	31,056	30,457	599
Employee benefits	10,662	10,662	7,630	3,032
Purchased services	26,050	26,050	21,401	4,649
Supplies and materials	6,500	6,500	4,861	1,639
Property			2,592	(2,592)
Total instructional staff	74,268	74,268	66,941	7,327
General administration				
Salaries	101,000	115,400	116,700	(1,300)
Employee benefits	25,750	25,750	37,840	(12,090)
Purchased services	65,515	65,515	29,329	36,186
Supplies and materials	8,000	8,000	9,465	(1,465)
Other	12,500	12,500	9,650	2,850
Total general administration	212,765	227,165	202,984	24,181

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
School administration				
Salaries	81,549	81,549	98,521	(16,972)
Employee benefits	45,989	45,989	44,086	1,903
Purchased services	4,000	4,000	2,916	1,084
Supplies and materials	5,000	5,000	1,571	3,429
Other	600	600		600
Total school administration	137,138	137,138	147,094	(9,956)
Business services				
Salaries	66,859	66,859	68,659	(1,800)
Employee benefits	27,406	27,406	25,754	1,652
Purchased services	3,300	3,300	1,510	1,790
Total business services	97,565	97,565	95,923	1,642
Operations and maintenance				
Salaries	149,481	149,481	138,557	10,924
Employee benefits	58,803	58,803	56,558	2,245
Purchased services	292,652	292,652	283,770	8,882
Supplies and materials	277,500	277,500	226,297	51,203
Total operations and maintenance	778,436	778,436	705,182	73,254
Student transportation				
Salaries	113,678	113,678	112,249	1,429
Employee benefits	44,437	44,437	37,156	7,281
Purchased services	42,245	42,245	32,394	9,851
Supplies and materials	87,500	87,500	31,521	55,979
Property	215,698	215,698	236,690	(20,992)
Total student transportation	503,558	503,558	450,010	53,548

(continued)

WASHINGTON COUNTY SCHOOL DISTRICT R-3
General Fund
Budgetary Comparison Schedule - Expenditures
For the Year Ended June 30, 2025

(continued)

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Central support services				
Salaries	71,547	71,547	70,860	687
Employee benefits	27,688	27,688	24,203	3,485
Purchased services	7,300	7,300	4,455	2,845
Supplies and materials	12,011	12,011	9,594	2,417
Total central support services	118,546	118,546	109,112	9,434
Facilities acquisition				
Property			28,947	(28,947)
Total facilities acquisition	-	-	28,947	(28,947)
Total supporting services	2,084,664	2,099,064	2,006,512	92,552
Debt service				
Principal retirement			40,570	(40,570)
Interest and fiscal charges			26,684	(26,684)
Total debt service	-	-	67,254	(67,254)
Appropriated reserves	2,440,343	2,532,751		2,532,751
Total expenditures	<u>\$ 7,056,925</u>	<u>\$ 7,201,733</u>	<u>\$ 4,371,017</u>	<u>\$ 2,830,716</u>

**Combining Statements and Budgetary Comparison Schedules –
Nonmajor Governmental Funds**

The District reports the following nonmajor governmental funds:

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

- Pupil Activity Fund – This fund is used to account for revenues from pupils, gate receipts and other fund-raising activities related to school sponsored pupil intrascholastic and interscholastic athletic and other related activities.
- Scholarship Fund – This fund is used to account for the financial transactions related to the administration of scholarships that are awarded to students.

Debt Service Fund – These funds account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

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

Capital Projects Fund – These funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities.

- Capital Reserve Capital Projects Fund – This fund is used to account for and report financial resources that have been designated for capital outlays acquisition or construction of major capital facilities and other capital assets. This fund was closed out during the year.

WASHINGTON COUNTY SCHOOL DISTRICT R-3
Nonmajor Governmental Funds
Combining Balance Sheet
For the Year Ended June 30, 2025

	Pupil Activity Fund	Scholarship Fund	Bond Redemption Fund	Totals
Assets				
Cash	\$ 97,150	\$ 73,667		\$ 170,817
Cash with fiscal agent			\$ 272,771	272,771
Property taxes receivable			9,908	9,908
Total assets	\$ 97,150	\$ 73,667	\$ 282,679	\$ 453,496
Liabilities				
Due to other funds			\$ 1,032	\$ 1,032
Accounts payable		\$ 1,300		1,300
Total liabilities	\$ -	1,300	1,032	2,332
Deferred inflows of resources				
Deferred property tax revenues			6,942	6,942
Fund balance				
Restricted for:				
Scholarships		72,367		72,367
Debt service			274,705	274,705
Committed to:				
Pupil activities	97,150			97,150
Total fund balance	97,150	72,367	274,705	444,222
Total liabilities, deferred inflows of resources and fund balance	\$ 97,150	\$ 73,667	\$ 282,679	\$ 453,496

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

	(Formerly Nonmajor Fund) Food Service Fund	Pupil Activity Fund	Scholarship Fund	Bond Redemption Fund
Revenues				
Local sources	\$ -	\$ 137,898	\$ 15,474	\$ 166,369
Expenditures				
Instruction		123,095	13,812	
Debt service				
Principal retirement				144,523
Interest and fiscal charges				42,721
Total expenditures	-	123,095	13,812	187,244
Excess of revenues over (under) expenditures	-	14,803	1,662	(20,875)
Other financing uses				
Transfers out				
Net change in fund balance	-	14,803	1,662	(20,875)
Fund balance at beginning of year, as previously reported	30,125	82,347	70,705	295,580
Adjustment - changes between major and nonmajor funds	(30,125)			
Fund balance at beginning of year, as adjusted	-	82,347	70,705	295,580
Fund balance at end of year	\$ -	\$ 97,150	\$ 72,367	\$ 274,705

Capital Reserve Capital Projects Fund	Totals
\$ -	\$ 319,741
	136,907
	144,523
	42,721
-	324,151
	(4,410)
(238)	(238)
(238)	(4,648)
238	478,995
	(30,125)
238	448,870
\$ -	\$ 444,222

WASHINGTON COUNTY SCHOOL DISTRICT R-3
Pupil Activity Fund
Budget Comparison Schedule
For the Year Ended June 30, 2025

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Local sources	\$ 250,056	\$ 250,056	\$ 137,898	\$ (112,158)
Expenditures				
Instruction				
Purchased services			17,521	(17,521)
Supplies and materials			73,174	(73,174)
Other	235,317	235,317	32,400	202,917
Appropriated reserves	86,233	86,233		86,233
Total expenditures	321,550	321,550	123,095	198,455
Net change in fund balance	\$ (71,494)	\$ (71,494)	14,803	\$ 86,297
Fund balance at beginning of year			82,347	
Fund balance at end of year			\$ 97,150	

WASHINGTON COUNTY SCHOOL DISTRICT R-3
Scholarship Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2025

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Local sources	\$ 78,000	\$ 78,000	\$ 15,474	\$ (62,526)
Expenditures				
Instruction				
Other	41,985	41,985	13,812	28,173
Appropriated reserves	45,515	45,515		45,515
Total expenditures	87,500	87,500	13,812	73,688
Net change in fund balance	\$ (9,500)	\$ (9,500)	1,662	\$ 11,162
Fund balance at beginning of year			70,705	
Fund balance at end of year			\$ 72,367	

WASHINGTON COUNTY SCHOOL DISTRICT R-3
Bond Redemption Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2025

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Local sources				
Property taxes	\$ 540,000	\$ 159,994	\$ 155,477	\$ (4,517)
Delinquent taxes and interest	1,200	1,200	238	(962)
Earnings on investments	2,000	2,000	10,654	8,654
Total revenues	543,200	163,194	166,369	3,175
Expenditures				
Debt service				
Principal retirement	250,000	141,000	144,523	(3,523)
Interest and fiscal charges	90,000	48,650	42,721	5,929
Appropriated reserves	506,259	129,344		129,344
Total expenditures	846,259	318,994	187,244	131,750
Net change in fund balance	\$ (303,059)	\$ (155,800)	(20,875)	\$ 134,925
Fund balance at beginning of year			295,580	
Fund balance at end of year			\$ 274,705	

WASHINGTON COUNTY SCHOOL DISTRICT R-3
Capital Reserve Capital Projects Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2025

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Local sources	\$ 2	\$ 2	\$ -	\$ (2)
Expenditures				
Capital outlay	126,949	40,000		40,000
Appropriated reserves	(86,697)	252		252
Total expenditures	40,252	40,252	-	40,252
Excess of revenues over (under) expenditures	(40,250)	(40,250)	-	(40,254)
Other financing sources (uses)				
Transfers in	40,000	40,000		(40,000)
Transfers out			(238)	(238)
Total other financing sources (uses)	40,000	40,000	(238)	(40,238)
Net change in fund balance	\$ (250)	\$ (250)	(238)	\$ (40,492)
Fund balance at beginning of year			238	
Fund balance at end of year			\$ -	

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**Colorado Department of Education
Supplementary Schedule**

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



Colorado Department of Education

Auditors Integrity Report

District: 3050 - Otis R-3

Fiscal Year 2024-25

Colorado School District/BOCES

Revenues, Expenditures, & Fund Balance by Fund

Fund Type & Number	Beg Fund Balance & Prior Per Adj (6880*)	1000 - 5999 Total Revenues & Other Sources	0001-0999 Total Expenditures & Other Uses	6700-6799 & Prior Per Adj (6880*) Ending Fund Balance
Governmental	+		-	=
10 General Fund	3,036,571	4,154,667	4,123,164	3,068,074
18 Risk Mgmt Sub-Fund of General Fund	25,519	238,280	247,852	15,948
19 Colorado Preschool Program Fund	0	0	0	0
Sub- Total	3,062,090	4,392,948	4,371,016	3,084,021
11 Charter School Fund	0	0	0	0
20,26-29 Special Revenue Fund	70,705	15,474	13,812	72,367
06 Supplemental Cap Const, Tech, Main. Fund	0	0	0	0
07 Total Program Reserve Fund	0	0	0	0
21 Food Service Spec Revenue Fund	30,125	138,612	159,492	9,245
22 Govt Designated-Purpose Grants Fund	0	0	0	0
23 Pupil Activity Special Revenue Fund	82,347	137,898	123,095	97,150
25 Transportation Fund	0	0	0	0
31 Bond Redemption Fund	295,580	166,369	187,245	274,705
39 Certificate of Participation (COP) Debt Service Fund	0	0	0	0
41 Building Fund	0	0	0	0
42 Special Building Fund	0	0	0	0
43 Capital Reserve Capital Projects Fund	238	-238	0	0
46 Supplemental Cap Const, Tech, Main Fund	0	0	0	0
Totals	3,541,085	4,851,064	4,854,661	3,537,488
Proprietary				
50 Other Enterprise Funds	0	0	0	0
64 (63) Risk-Related Activity Fund	0	0	0	0
60,65-69 Other Internal Service Funds	0	0	0	0
Totals	0	0	0	0
Fiduciary				
70 Other Trust and Agency Funds	0	0	0	0
72 Private Purpose Trust Fund	0	0	0	0
73 Agency Fund	0	0	0	0
74 Pupil Activity Agency Fund	0	0	0	0
79 GASB 34:Permanent Fund	0	0	0	0
85 Foundations	0	0	0	0
Totals	0	0	0	0

FINAL