

Garfield County School District No. 16

Financial Report

June 30, 2025



**Garfield County School District No. 16
Financial Report
June 30, 2025**

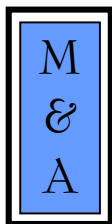
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McMAHAN AND ASSOCIATES, L.L.C.

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INDEPENDENT AUDITOR'S REPORT

**To the Board of Education
Garfield County School District No. 16
Parachute, Colorado**

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Garfield County School District No. 16 (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 and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. GAAP; this includes 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 one year after the date that the financial statements are issued.

Member: American Institute of Certified Public Accountants

INDEPENDENT AUDITOR'S OPINION
To the Board of Education
Garfield County School District No. 16
Parachute, Colorado

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with U.S. GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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

U.S. GAAP require Management's Discussion and Analysis in section B, the Schedule of the District's Proportionate Share of the Net Pension Liability, the Schedule of District Contributions, the Schedule of the District's Proportionate Share of the Other Post-Employment Benefits Liability, the Schedule of District Other Post-Employment Benefits Contributions, and the Notes to the Requirement Supplementary Information in Section E, 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 section B in accordance with U.S. GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

INDEPENDENT AUDITOR'S OPINION
To the Board of Education
Garfield County School District No. 16
Parachute, Colorado

Required Supplementary Information (continued)

The budgetary comparison information in section E is not a required part of the basic financial statements but is supplementary information required by U.S. GAAP. The budgetary comparison information in section E is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. GAAS. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining fund financial statements, individual fund budgetary information, and the Schedule of Expenditures of Federal Awards as required by *Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* included in the Single Audit Section listed in the accompanying table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining fund financial statements, individual fund budgetary information, and the Schedule of Expenditures of Federal Awards included in the Single Audit Section listed in the accompanying table of contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. GAAS. In our opinion, combining fund financial statements, individual fund budgetary information, and the Schedule of Expenditures of Federal Awards included in the Single Audit Section listed in the accompanying table of contents is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 25, 2026 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and on compliance.

McMahan and Associates, L.L.C.

McMahan and Associates, L.L.C.
Avon, Colorado
February 25, 2026

Garfield County School District No. 16

Management's Discussion and Analysis



Management's Discussion and Analysis

June 30, 2025

As management of Garfield County School District No. 16 (the "District"), we offer readers of the District's annual financial report this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2025. We encourage readers to consider the information presented here in conjunction with the District's financial statement, which follows this section.

Financial Highlights

The District had the following financial results in 2025:

- The District's General Fund balance at the end of fiscal year 2025 was \$10,707,367. This is an increase from the prior year of \$89,939.
- The District's ending General Fund balance covers 53% of the current year expenditures and outgoing transfers.
- Total revenues for 2025 grew \$64,692 from 2024, while aggregate expenses grew \$3,827,324.

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

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

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

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

Both of the government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities). The category that is reported in the District-wide financial statements is as follows:

- **Governmental activities:** All of the District's basic services are included here, such as instructional services, support services, food services, and student activities.

The government-wide financial statements can be found on pages C1 and C2 of this report.

Fund Financial Statements

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

Government Funds

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

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

The District's most significant, or "major" governmental funds include the General Fund, the Grant Fund, the Bond Redemption Fund, and the Capital Projects Fund.

The District adopts an annual appropriated budget for all of its funds. A budgetary comparison statement has been provided for all funds to demonstrate compliance with state budget statutes.

The basic major governmental fund statements start on page C3.

Notes to the Basic Financial Statements

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplemental information that further explains and supports the financial statements with a comparison of the District's budget for the year.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

As noted earlier, net position may serve over time as a useful indicator of a district's financial position. For the year ended June 30, 2025, the District's total net position was \$57,111,922, which included the District's net pension liability of \$25,070,700 and net other post-employment benefits ("OPEB") liability of \$444,825. The net pension and OPEB liabilities are the District's proportionate share of the School Division Trust Fund pension liability and Health Care Trust Fund's collective OPEB liability, respectively, administered by the Public Employees' Retirement Association of Colorado. This was determined by an actuarial valuation as of December 31, 2023. Standard update procedures were used to roll forward the total pension and OPEB liabilities to December 31, 2024.

The assets of the District are classified as current assets and capital assets. Current assets are available to provide resources for the near-term operations of the District. The majority of the current assets are the result of the property tax process, with the majority of these taxes received in March, May, and June.

Capital assets are made up of land, buildings, equipment/vehicles, and leased fiber strands. Current and long-term liabilities are classified based upon anticipated liquidation, either in the near-term or in the future.

Summary of Net Position

The following table provides a summary of the District's net position as of the fiscal year ended June 30, 2025.

Garfield County School District No. 16's Net Position

	Governmental Activities	
	2025	2024
Assets:		
Current and other assets	\$ 31,865,569	\$ 31,315,878
Capital assets, net	67,315,835	67,250,890
Total Assets	\$ 99,181,404	\$ 98,566,768
Deferred Outflows of Resources	5,527,562	7,066,555
Liabilities:		
Other liabilities	4,980,850	7,807,471
Long-term liabilities	41,579,021	41,853,328
Total Liabilities	46,559,871	49,660,799
Deferred Inflows of Resources	1,037,173	2,079,335
Net Position:		
Net investment in capital assets	51,855,813	46,951,121
Restricted	10,778,632	10,540,115
Unrestricted	(5,522,523)	(3,598,047)
Total Net Position	\$ 57,111,922	\$ 53,893,189

Of the District's total assets, 68% are capital assets (e.g. land, buildings, equipment, and leased fiber strands). The District uses these assets to provide instruction and related services to its students.

Long-term liabilities and deferred outflow of resources decreased leading to an increase in Net Position due to a reduction in the District's proportionate share of PERA's net pension and other post-employment benefit liabilities. See more information on the pension and other-post employment benefit liabilities in the Notes to the Financial Statements.

Summary of Activities

Net position for governmental activities increased by \$3,218,733. The following table summarizes the District's change in net position:

Garfield County School District No. 16's Changes in Net Position

	Governmental Activities	
	2025	2024
Revenues:		
Program revenues:		
Charges for services	\$ 113,001	\$ 117,475
Operating grants and contributions	4,730,163	3,621,400
Capital grants and contributions	106,003	1,299,423
General revenues:		
Property taxes	10,843,202	13,172,092
Specific ownership taxes	737,843	738,575
Other taxes	15,808	28,688
State equalization income	10,919,866	7,517,118
Grants and contributions not restricted to specific programs	436,419	1,306,686
Investment income	1,304,124	1,302,733
Student activities	203,767	241,314
Total Revenues	29,410,196	29,345,504
Expenses:		
Direct instruction	13,036,983	11,521,369
Indirect instruction	2,900,142	2,125,016
General administration	2,690,854	2,353,835
Support services	1,808,833	1,453,073
Custodial and maintenance	3,134,059	2,429,891
Transportation	690,311	628,036
Food service	1,214,761	964,002
Student activities	191,251	222,796
Interest on long-term debt	524,269	666,121
Total Expenses	26,191,463	22,364,139
Change in Net Position	3,218,733	6,981,365
Net Position - Beginning of Year	53,893,189	46,911,824
Net Position - End of Year	\$ 57,111,922	\$ 53,893,189

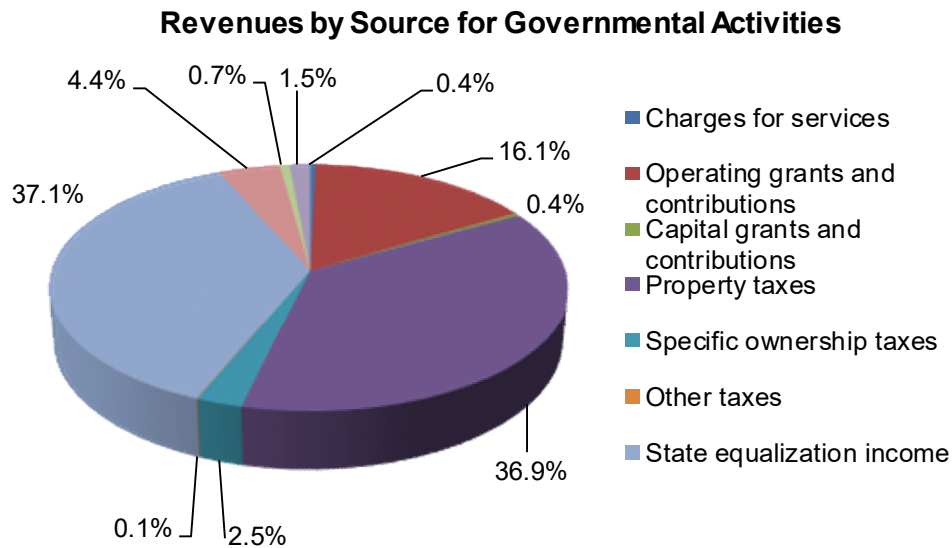
Property taxes, specific ownership tax, and per pupil state formula revenue (School Finance Act- State Equalization) account for most of the District's revenue. The remainder comes from grants and contributions with the remainder from fees charged for services and miscellaneous sources

Per pupil funding for the year ending June 30, 2025 was \$9,486, compared to \$10,839 for 2024.

Summary of Activities (continued)

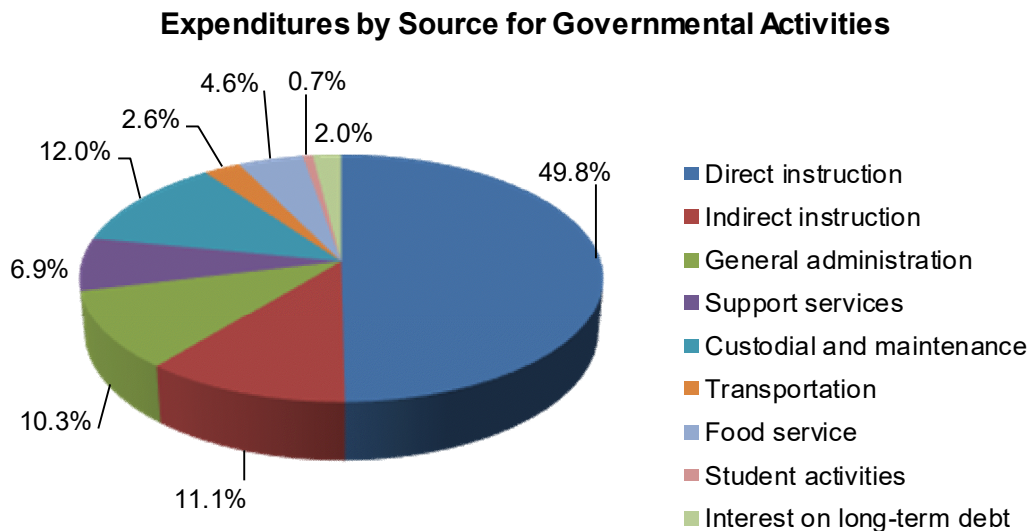
The District's expenses predominantly relate to instruction and support services, which include support for students and instructional staff, administration, operations and maintenance, and transportation. Given that the District is a service organization providing education services to students, the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

The following chart displays the revenues by source for the total District:



State equalization income and property taxes are the primary sources of revenue for the District, and made up 74.0% of 2025 revenues, and 70.5% of 2024 revenues.

The following chart displays the expenses by source for the total District:



Financial Analysis of the District's Funds: As mentioned earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds: The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned balances may serve as a useful measure of the District's net resources available for spending at the end of the fiscal year. The District did increase its unassigned balance, or fund balance, at the end of this fiscal year; a focus must be made to make an increase each year to that balance to ensure the fiscal health of the District.

At the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$26,371,581. This is a decrease of \$1,363,697 from the prior year ending fund balances. This decrease is almost entirely related to the capital projects undertaken at Bea Underwood Elementary.

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

The original budget is prepared based on a conservative estimate of enrolled students. This guarantees the District does not overstaff or overextend its financial capabilities. The District's student count experiences significant fluctuations due largely to changes in the local oil and gas industry. The District budgeted a large contingency to ensure the District was able to stay "live within the District's means".

One of the most important variances to discuss is budgeted versus actual revenues and expenditures in the General Fund. Actual revenues were favorable to the final budget by \$107,241. Actual expenditures were favorable to the final budget by \$1,033,050, which were attributed to savings in salaries and wages.

Capital Assets: The District's investment in capital assets for governmental activities as of June 30, 2025 amounts to \$67,250,890, (net of accumulated depreciation and amortization). This investment in capital assets includes land, buildings, equipment, vehicles, and leased fiber strands.

Additional information as well as a detailed classification of the District's net capital assets can be found in the Notes to the Basic Financial Statement section of this report.

Long-Term Debt: As of June 30, 2025, the District had an outstanding debt of \$41,579,021 consisting of the District's net pension and OPEB liabilities, general obligation bonds, leases payable, and compensated absences payable. The District's net pension liability increased \$96,397 from the previous year.

Additional information as well as a detailed classification of the District's long-term liabilities can be found in the Notes to the Basic Financial Statement section of this report.

Economic Factors: The Public School Finance Act is the largest source of revenue for the District's operating funds. The School Finance Act calculates per-pupil funding by school District based upon a formula that takes into consideration the cost of living, number of students, District size, personnel vs. non-personnel, and number of at-risk students. The purpose of this act was to establish a financial base of support for public education, to move towards a uniform mill levy tax statewide for all Districts, and to limit future growth of and reliance upon property tax to support public education. Funding sources for the School Finance Act is derived by the following formula:

Total Program Funding = local property taxes + general specific ownership taxes + state equalization.

Next Year's Budget and Rates: The District's General Fund balance at the end of fiscal year 2025 was \$10,707,367. The District budgeted revenues to cover budgeted expenditures in the General Fund for fiscal year 2026.

Request for Information:

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

Garfield County School District No. 16
Chief Financial Officer
PO Box 68
Parachute, CO 81635.

Garfield County School District No. 16

Basic Financial Statements



GARFIELD COUNTY SCHOOL DISTRICT NO. 16**Statement of Net Position****June 30, 2025**

	Governmental Activities
ASSETS	
Cash and cash equivalents	782,229
Investments	29,553,574
Accounts receivable, net:	
Taxes	115,555
Intergovernmental	657,739
Leases	588,310
Other	31,493
Prepaid expenses	115,588
Inventory	21,081
Capital assets not being depreciated	6,230,396
Capital assets, net of accumulated depreciation/amortization	61,085,439
Total Assets	99,181,404
DEFERRED OUTFLOWS OF RESOURCES:	
Pension related	5,369,899
OPEB related	157,663
Total Deferred Outflows of Resources	5,527,562
LIABILITIES	
Accounts payable and accrued expenses	2,778,427
Accrued salaries and benefits	833,482
Unearned revenue	1,310,366
Accrued interest payable	58,575
Long-term liabilities:	
Due within one year:	
Accrued compensated absences	136,042
Bonds payable	4,795,000
Lease payable	59,307
Due in more than one year:	
Accrued compensated absences	408,125
Bonds payable	10,665,022
Net pension liability	25,070,700
Net other post-employment benefits liability	444,825
Total Liabilities	46,559,871
DEFERRED INFLOWS OF RESOURCES:	
Pension related	188,919
OPEB related	286,201
Lease revenue	562,053
Total Deferred Inflows of Resources	1,037,173
NET POSITION	
Net investment in capital assets	51,855,813
Restricted for:	
Emergencies	686,000
Multi-year obligations	336,266
Debt service	9,756,366
Unrestricted	(5,522,523)
Total Net Position	57,111,922

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

GARFIELD COUNTY SCHOOL DISTRICT NO. 16
Statement of Activities
For the Year Ended June 30, 2025

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
GOVERNMENTAL ACTIVITIES:					
Direct instruction	13,036,983	75,462	2,327,287	80,887	(10,553,347)
Indirect instruction	2,900,142	-	1,232,617	-	(1,667,525)
General administration	2,690,854	-	-	25,116	(2,665,738)
Support services	1,808,833	28,378	-	-	(1,780,455)
Custodial and maintenance	3,134,059	-	-	-	(3,134,059)
Transportation	690,311	-	95,686	-	(594,625)
Food service	1,214,761	9,161	1,074,573	-	(131,027)
Student activities	191,251	203,767	-	-	12,516
Interest on long-term debt	524,269	-	-	-	(524,269)
Total Governmental Activities	26,191,463	316,768	4,730,163	106,003	(21,038,529)
GENERAL REVENUES:					
Taxes:					
Property taxes					10,843,202
Specific ownership taxes					737,843
Other taxes					15,808
State equalization income					10,919,866
Grants and contributions not restricted to specific programs					436,419
Investment income					1,304,124
Total general revenues					24,257,262
Change in Net Position					3,218,733
Net Position - Beginning					53,893,189
Net Position - Ending					57,111,922

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

GARFIELD COUNTY SCHOOL DISTRICT NO. 16

**Balance Sheet
Governmental Funds
June 30, 2025**

		Special Revenue Fund		Debt Service Fund	Capital Projects Fund		
	General Fund	Designated-Purpose Grants Fund	Royalty Fund	Bond Redemption Fund	Capital Reserve Fund	Other Governmental Funds	Total Governmental Funds
ASSETS							
Cash and cash equivalents	782,229	-	-	-	-	-	782,229
Investments	19,820,300	-	-	9,733,274	-	-	29,553,574
Accounts receivable, net:							
Taxes	57,976	-	-	57,579	-	-	115,555
Intergovernmental	216,616	321,252	-	-	-	119,871	657,739
Leases	-	-	-	-	-	588,310	588,310
Other	31,493	-	-	-	-	-	31,493
Due from other funds	33,536	740,013	-	3,871	4,900,838	925,998	6,604,256
Prepaid items	115,588	-	-	-	-	-	115,588
Inventories	-	-	-	-	-	21,081	21,081
Total Assets	<u>21,057,738</u>	<u>1,061,265</u>	<u>-</u>	<u>9,794,724</u>	<u>4,900,838</u>	<u>1,655,260</u>	<u>38,469,825</u>
LIABILITIES							
Accounts payable and accrued expenses	2,692,230	-	-	-	86,141	56	2,778,427
Accrued salaries and benefits	833,482	-	-	-	-	-	833,482
Due to other funds	6,570,720	-	-	33,536	-	-	6,604,256
Unearned revenues	249,101	1,061,265	-	-	-	-	1,310,366
Total Liabilities	<u>10,345,533</u>	<u>1,061,265</u>	<u>-</u>	<u>33,536</u>	<u>86,141</u>	<u>56</u>	<u>11,526,531</u>
DEFERRED INFLOWS OF RESOURCES:							
Unavailable property taxes	4,838	-	-	4,822	-	-	9,660
Lease revenue	-	-	-	-	-	562,053	562,053
Total Deferred Inflows of Resources	<u>4,838</u>	<u>-</u>	<u>-</u>	<u>4,822</u>	<u>-</u>	<u>562,053</u>	<u>571,713</u>
FUND BALANCES							
Non-spendable:							
Prepaid items	115,588	-	-	-	-	-	115,588
Inventories	-	-	-	-	-	21,081	21,081
Restricted:							
TABOR	686,000	-	-	-	-	-	686,000
Multi-year obligations	336,266	-	-	-	-	-	336,266
Debt service	-	-	-	9,756,366	-	-	9,756,366
Committed:							
Food service	-	-	-	-	-	182,239	182,239
Student activities	-	-	-	-	-	225,926	225,926
Capital projects	-	-	-	-	4,814,697	663,905	5,478,602
Unassigned	9,569,513	-	-	-	-	-	9,569,513
Total Fund Balances	<u>10,707,367</u>	<u>-</u>	<u>-</u>	<u>9,756,366</u>	<u>4,814,697</u>	<u>1,093,151</u>	<u>26,371,581</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>21,057,738</u>	<u>1,061,265</u>	<u>-</u>	<u>9,794,724</u>	<u>4,900,838</u>	<u>1,655,260</u>	<u>38,469,825</u>

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

GARFIELD COUNTY SCHOOL DISTRICT NO. 16
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2025

Governmental Funds Total Fund Balance	26,371,581
---------------------------------------	------------

Add:

Property taxes receivable will be collected this calendar year, but are not available soon enough to pay for the current period's expenditures and therefore, are deferred in the funds.	9,660
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Capital assets used in governmental activities are not considered current financial resources and therefore, are not reported in the governmental funds. However, in the Statement of Net Position the cost of these assets are capitalized and expensed over their estimated lives through annual depreciation or amortization expense:

Capital assets	113,971,716	
Less accumulated depreciation	(46,713,893)	
Lease assets	290,062	
Less accumulated amortization	<u>(232,050)</u>	67,315,835

collective pension and OPEB amounts, differences between actual and expected experience and investment earnings, and differences between actual and annualized contributions to the pension plan and Health Care Trust Fund are recorded as deferred inflows or outflows of resources and amortized over the average remaining service life of all active and inactive plan members:

Unamortized Pension-related Deferred Outflows	5,369,899	
Unamortized Pension-related Deferred Inflows	(188,919)	
Unamortized OPEB-related Deferred Outflows	157,663	
Unamortized OPEB-related Deferred Inflows	<u>(286,201)</u>	5,052,442

Less:

discounts on bonded debt, are treated as current transactions on the fund financial statements, but are capitalized and amortized on the Statement of Net Position:

Premiums and discounts on bonded debt	<u>(345,022)</u>	(345,022)
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Long-term liabilities, including bonds payable, net pension and OPEB liability, accrued compensated absences, leases payable, and accrued interest are not due and payable in the current period and therefore, are not reported in the funds. This is the amount of District long-term liabilities:

Bonds payable	(15,115,000)	
Net pension liability	(25,070,700)	
Net OPEB liability	(444,825)	
Accrued compensated absences	(544,167)	
Leases payable	(59,307)	
Accrued interest	<u>(58,575)</u>	<u>(41,292,574)</u>

Governmental Activities Net Position	<u><u>57,111,922</u></u>
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The accompanying notes are an integral part of these statements.

GARFIELD COUNTY SCHOOL DISTRICT NO. 16
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2025

		Special Revenue Fund		Debt Service Fund	Capital Projects Fund		
	General Fund	Designated-Purpose Grants Fund	Royalty Fund	Bond Redemption Fund	Capital Reserve Fund	Other Governmental Funds	Total Governmental Funds
REVENUES							
Local sources:							
Property taxes	5,439,857	-	-	5,405,287	-	-	10,845,144
Specific ownership taxes	737,843	-	-	-	-	-	737,843
Other taxes	15,808	-	-	-	-	-	15,808
Investment income	1,281,843	-	-	13,622	-	8,659	1,304,124
Student activities	-	-	-	-	-	203,767	203,767
Other	441,275	318,367	-	-	-	97,953	857,595
Total Local sources	7,916,626	318,367	-	5,418,909	-	310,379	13,964,281
Intermediate sources	35,362	1,750	-	-	-	-	37,112
Federal sources	251,186	823,586	-	-	-	801,919	1,876,691
State sources	12,138,686	914,288	-	-	271	244,604	13,297,849
Total Revenues	20,341,860	2,057,991	-	5,418,909	271	1,356,902	29,175,933
EXPENDITURES							
Direct instruction	9,621,621	653,268	-	-	-	-	10,274,889
Indirect instruction	1,585,645	1,292,301	-	-	-	-	2,877,946
General administration	2,557,557	-	-	-	3,750	-	2,561,307
Support services	1,656,326	-	-	-	-	-	1,656,326
Custodial and maintenance	2,819,658	-	-	-	41,369	-	2,861,027
Transportation	583,547	3,756	-	-	-	-	587,303
Food service	-	28,050	-	-	-	1,129,286	1,157,336
Capital outlay	367,903	80,616	-	-	2,482,035	-	2,930,554
Student activities	-	-	-	-	-	191,252	191,252
Debt service:							
Principal	58,652	-	-	4,565,000	-	-	4,623,652
Interest and fiscal charges	1,012	-	-	817,026	-	-	818,038
Total Expenditures	19,251,921	2,057,991	-	5,382,026	2,527,154	1,320,538	30,539,630
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,089,939	-	-	36,883	(2,526,883)	36,364	(1,363,697)
OTHER FINANCING SOURCES (USES)							
Transfers in (out)	(1,000,000)	-	-	-	1,000,000	-	-
Total Other Financing Sources (Uses)	(1,000,000)	-	-	-	1,000,000	-	-
NET CHANGE IN FUND BALANCES	89,939	-	-	36,883	(1,526,883)	36,364	(1,363,697)
FUND BALANCES - BEGINNING OF YEAR, AS PREVIOUSLY PRESENTED	10,617,428	-	566,454	9,719,483	6,341,580	490,333	27,735,278
Change within financial reporting entity (major to nonmajor fund)	-	-	(566,454)	-	-	566,454	-
FUND BALANCES - BEGINNING OF YEAR, AS ADJUSTED	10,617,428	-	-	9,719,483	6,341,580	1,056,787	27,735,278
FUND BALANCES - END OF YEAR	10,707,367	-	-	9,756,366	4,814,697	1,093,151	26,371,581

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

GARFIELD COUNTY SCHOOL DISTRICT NO. 16
Reconciliation of Revenues, Expenditures and Change in Fund Balances
of Governmental Funds to the Statement of Activities
June 30, 2025

Governmental Funds Change in Fund Balances	(1,363,697)
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Add:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount of capital outlays reported as expenditures in the governmental funds.	2,877,561
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Debt principal and lease payments result in a reduction of accumulated resources on the fund financial statements. The government-wide statements show these payments as reductions against long-term liabilities.

	Bonds payable	4,565,000	
	Leases payable	58,653	4,623,653

Accrued compensated absences and early retirement reported in the Statement of Activities do not require the use of current financial resources and therefore, are not reported as expenditures in governmental funds. This is the change in accrued compensated absences during the year.	62,480
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Amortization of deferred costs such as premium and discounts on bonds payable and deferred charges from refundings and changes in accrued interest have no impact on current available resources but do change government-wide net position.	293,770
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Changes in the District's net pension and OPEB liabilities reported in the Statement of Net Position do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. This is the change in the District's net pension and OPEB liabilities during the year, including differences between employer contributions to the pension plan or Health Care Trust Fund and amortization of pension-related and OPEB-related deferrals.	(460,476)
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Less:

Deferred property tax revenues do not provide current financial resources and are deferred on the governmental fund financial statements but recognized on the government-wide financial statements. This is the change in the deferred property tax recognized in the Statement of Activities.	(1,942)
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Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation or amortization expense. This is the amount of depreciation and amortization expense reported as an expenditure in the governmental activities' functions.

	Depreciation expense	(2,754,602)	
	Amortization expense	(58,014)	(2,812,616)

Governmental Activities Change in Net Position	3,218,733
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Garfield County School District No. 16

Notes to the Basic Financial Statements



GARFIELD COUNTY SCHOOL DISTRICT NO. 16
Notes to the Financial Statements
June 30, 2025

I. Summary of Significant Accounting Policies

Garfield County School District No. 16 (the "District") is one of three public school districts within Garfield County, Colorado. The District provides academic and vocational curriculum, student transportation, food services, athletic and cultural extracurricular activities, maintenance and general administrative services. The District is located in the Parachute/Battlement Mesa communities on the Western Slope of Colorado. The District operates the following schools:

<u>Preschool and Kindergarten</u>	<u>Middle School</u>
Grand Valley Center for Family Learning	Grand Valley Middle School
<u>Elementary School</u>	<u>High School</u>
Bea Underwood Elementary	Grand Valley High School

The District's financial statements are prepared in accordance with generally accepted accounting principles ("GAAP"). The Governmental Accounting Standards Board ("GASB") is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established by GAAP used by the District are discussed below.

A. Reporting Entity

The District was reorganized by a vote of qualified electorate in 1947 and operates under an elected Board of Education comprised of five members. As required by GAAP, the financial statements of the reporting entity include those of the District and its component units, entities for which the District is considered financially accountable. The District is considered financially accountable for legally separate organizations if it is able to appoint the voting majority of an organization's governing body and is either able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the District. Consideration is also given to organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Based upon the above criteria, the District is not financially accountable for any other organization. No additional separate governmental units, agencies or nonprofit organizations are included in the financial statements of the District.

The District receives funding from local, state, and federal government sources and must comply with all the requirements of these funding sources. However, the District is not included in any other governmental reporting entity.

B. Government-wide and Fund Financial Statements

The District's basic financial statements include both Government-wide (financial activities of the overall District) and fund financial statements (reporting the District's major and non-major funds). The Government-wide financial statements categorize primary activities as governmental. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions.

GARFIELD COUNTY SCHOOL DISTRICT NO. 16
Notes to the Financial Statements
June 30, 2025
(Continued)

I. Summary of Significant Accounting Policies (continued)

B. Government-wide and Fund Financial Statements (continued)

1. Government-wide Financial Statements

In the Government-wide Statement of Net Position, the governmental activities columns are (a) presented on a consolidated basis by column, and (b) reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net position is reported in three parts - invested in capital assets, net of related debt; restricted net position; and unrestricted net position.

The Government-wide Statement of Activities reports both the gross and net cost of the District's governmental functions. The governmental functions are also supported by general government revenues (property taxes, specific ownership taxes, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. The net costs, by function, are normally covered by general revenues.

The Government-wide focus is on the sustainability of the District as an entity and the change in the District's Net Position resulting from the current year's activities.

2. Fund Financial Statements

The financial transactions of the District are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The fund focus is on current available resources and budget compliance.

The District reports the following major governmental funds:

The *General Fund* is the District's primary operating fund. It accounts for all financial resources of the District, except those accounted for in another fund. Major revenue sources include local property taxes, specific ownership (personal property) taxes, and State of Colorado equalization funding, as determined by the School Finance Act of 1994, as amended. Expenditures include all costs assisted with the daily operation of the schools, except for certain programs funded by grants from federal and state governments, certain capital outlay expenditures, debt service, food service operations, and other pupil activities.

The *Grant Fund* accounts for all federal, state, and local grants which are restricted as to the type of expenditures for which they may be used.

The *Bond Redemption Fund* accounts for transactions related to the District's general obligation bonds and interest.

GARFIELD COUNTY SCHOOL DISTRICT NO. 16
Notes to the Financial Statements
June 30, 2025
(Continued)

I. Summary of Significant Accounting Policies (continued)

B. Government-wide and Fund Financial Statements (continued)

2. Fund Financial Statements (continued)

The *Capital Projects Fund* accounts for the acquisition of land, construction of new facilities, alterations and improvements to existing structures, and the acquisition of school buses and/or other equipment.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Measurement focus refers to whether financial statements measure changes in current resources only (current financial focus) or changes in both current and long-term resources (long-term economic focus). Basis of accounting refers to the point at which revenues, expenditures, or expenses are recognized in the accounts and reported in the financial statements. Financial statement presentation refers to classification of revenues by source and expenses by function.

1. Long-term Economic Focus and Accrual Basis

Governmental in the Government-wide financial statements as well as the fiduciary fund financial statements use the long-term economic focus and are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of the related cash flows. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

2. Current Financial Focus and Modified Accrual Basis

The District's governmental fund financial statements use the current financial focus and are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. The District considers all revenues reported in the governmental funds to be available if they are collected within sixty days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term liabilities are reported as other financing sources.

GARFIELD COUNTY SCHOOL DISTRICT NO. 16
Notes to the Financial Statements
June 30, 2025
(Continued)

I. Summary of Significant Accounting Policies (continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

3. Financial Statement Presentation

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

D. Financial Statement Accounts

1. Cash, Cash Equivalents, and Investments

Cash and cash equivalents include amounts in demand deposits as well as short-term investments with a maturity date within 3 months of the acquisition date.

Investments are stated at fair value or net asset value. The change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

The District follows Colorado statutes specifying specific investment instruments meeting defined rating criteria in which local governments may invest, which include:

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

2. Receivables

Receivables are reported net of an allowance for uncollectible accounts. At June 30, 2025, the District deems all receivables collectable and therefore does not have an allowance for uncollectible accounts established.

3. Prepaid Items

The District uses the consumption method to account for prepaid items. Payments to vendors that reflect costs applicable to future accounting periods are recorded as prepaid items in both government-wide and fund financial statements.

GARFIELD COUNTY SCHOOL DISTRICT NO. 16
Notes to the Financial Statements
June 30, 2025
(Continued)

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

4. Property Taxes

Property taxes are assessed in one year as a lien on the property, but not collected by the governmental units until the subsequent year. In accordance with GAAP, the assessed but uncollected property taxes have been recorded as a receivable and as deferred revenue.

5. Inventory

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories recorded in the *Food Service Fund* consist of purchased and donated commodities. Donated commodities inventories are offset by unearned revenue. Donated inventories, received at no cost under a program supported by the Federal Government, are recorded at their estimated fair value at the date of receipt. The cost of all inventories is recorded as an asset when the individual inventory items are purchased, and as an expenditure or expense when consumed.

6. Capital Assets

Capital assets, which include land, land improvements, construction in progress, buildings and improvements, equipment, and vehicles, are reported in the governmental column in the government-wide financial statements. The District defines capital assets as assets with an initial cost of \$5,000 or more and an estimated useful life in excess of two years. Such assets are recorded at historical cost where historical records are available and at an estimated historical cost where no historical record exists. Donated capital assets are recorded at estimated acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Capital outlay for projects is capitalized as projects are constructed. Interest incurred during the construction phase is expensed as incurred.

Buildings and improvements, equipment, and vehicles are depreciated using the straight-line method over the following estimated useful lives:

Capital Asset Class	Years
Buildings and improvements	5 - 40
Vehicles and equipment	5 - 20

GARFIELD COUNTY SCHOOL DISTRICT NO. 16
Notes to the Financial Statements
June 30, 2025
(Continued)

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

7. Deferred Outflows and Inflows of Resources

Deferred outflows of resources represent a consumption of net assets that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditures) until then. The District has three items, charge on refunding, pension, and other post-employment benefits ("OPEB") related deferred outflows, which qualify for reporting under this category on the Statement of Net Position. A charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. The amount is deferred and amortized over the shorter of the life of the refunded debt or refunding debt.

Deferred inflows of resources represent an acquisition of net assets that applied to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District has two items that qualify for reporting in this category, pension and OPEB related deferred inflows, reported in the Statement of Net Position. These amounts are deferred and recognized as an inflow from resources in the period that the amounts become available.

See Note III.G and Note III.H below for discussion on pension and OPEB, respectively, related deferred outflows and inflows.

8. Compensated Absences

A. Vacation and Paid Time Off

Paid Time Off ("PTO") Leave:

District employees can earn paid time off (for full-time employees) or sick leave (for part-time employees). Paid leave accumulates at the rate of 1 day per month for full-time employees while sick leave accumulates at the rate of 1 hour per 30 hours worked for part-time employees. Upon separation from the District, accumulated but unused leave time is paid out based on the following criteria:

Years of Service	Days Paid Out	Rate (Per Day)	Maximum Payout
5	15	\$ 130	\$ 1,950
10	30	130	3,900
15+	60	130	7,800

Vacation Leave:

Certified and classified employees of the District receive vacation at a rate of 10-25 days a year based on years of service with the District. Upon separation from the District, employees are paid out for up to 30 days of accrued but unused vacation leave at his/his per diem rate.

GARFIELD COUNTY SCHOOL DISTRICT NO. 16
Notes to the Financial Statements
June 30, 2025
(Continued)

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

8. Compensated Absences (continued)

A. Vacation and Paid Time Off (continued)

Vacation Leave (continued):

The District estimates how much of the leave is more likely than not to be used as paid leave and recognizes that portion as a liability for compensated absences. Vested or accumulated leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the obligated governmental fund only if they have matured (e.g., unused reimbursable leave still outstanding following an employee's resignation or retirement). Amounts of vested or accumulated leave that are not expected to be liquidated with expendable available financial resources are reported in the governmental activities column in the government-wide financial statements.

B. Voluntary Longevity Incentive Program

Employees that began continuous employment with the District as of July 1, 2015 are eligible to participate in the District's voluntary longevity incentive program. After a minimum of 15 years of full-time service in the District, 10 of which must be consecutive and uninterrupted service, employees are eligible for an incentive disbursement ranging from 30-50% of the employee's current base salary. The disbursements are paid by the District in January following the year of resignation.

9. Long-term Debt

In the Government-wide financial statements, long-term debt is reported as liabilities in the governmental activities statement of net position. Bonds payable are reported net of the applicable bond premium or discount and deferred refunding costs. Bond premiums, discounts, and deferred refunding costs are amortized over the life of the bonds based on interest payments.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

GARFIELD COUNTY SCHOOL DISTRICT NO. 16
Notes to the Financial Statements
June 30, 2025
(Continued)

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

10. 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 and additions to/deductions from the fiduciary net position of the SCHDTF have been determined using the economic resources measurement focus and the accrual basis of accounting, the same basis of accounting used by the SCHDTF. 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.

11. Post-Employment Benefits

The District participates in the Health Care Trust Fund ("HCTF"), a cost-sharing multiple-employer defined benefit OPEB fund administered by the PERA. The net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position 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.

12. Fund Balance and Fund Classifications

Governmental accounting standards establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Fund balance classifications, include Non-spendable, Restricted, Committed, Assigned, and Unassigned. These classifications reflect not only the nature of funds, but also provide clarity to the level of restriction placed upon fund balance. Fund Balance can have different levels of restraint, such as external versus internal compliance requirements. Unassigned fund balance is a residual classification within the General Fund. The General Fund should be the only fund that reports a positive unassigned balance. In all other funds, unassigned is limited to negative residual fund balance.

GARFIELD COUNTY SCHOOL DISTRICT NO. 16
Notes to the Financial Statements
June 30, 2025
(Continued)

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

12. Fund Balance and Fund Classifications (continued)

The District classifies governmental fund balances as follows:

Non-spendable - includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual requirements.

Spendable Fund Balance:

Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.

Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority which is the Board of Education. The District's original budget legislation begins with combining historical data, assessment of needs for the upcoming year and the Board of Education platform to review, and/or make changes to each department's budget. Before year end, a budgetary committee will meet again with each department for final review and approval of preliminary budget. The Budget is then formally presented to the Board of Education via an advertised public process for their review, revisions and final approval by year end. All subsequent budget requests made during the year, after the Board of Education approval, must be presented via a public process and again approval by the Board of Education.

Assigned – includes spendable fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund Balance may be assigned by the Board of Education or its management designee.

Unassigned - includes residual positive fund balance within the General Fund which has not been classified within the other above-mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

The District uses restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the District would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The District does not have a formal minimum fund balance policy. However, the District's budget includes a calculation of a targeted reserve positions and the Administration calculates targets and report them annually to the Board of Education.

GARFIELD COUNTY SCHOOL DISTRICT NO. 16
Notes to the Financial Statements
June 30, 2025
(Continued)

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

12. Fund Balance and Fund Classifications (continued)

In addition to the above note disclosure, GASB requires disclosure of the following fund definitions.

General Fund - The general fund is used to account for and report all financial resources not accounted for and reported in another fund.

Special Revenue Funds - Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The term "proceeds of specific revenue sources" establishes that one or more specific restricted or committed revenues should be the foundation for a special revenue fund.

Capital Projects Funds - Capital projects funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. Capital projects funds exclude those types of capital-related outflows financed by proprietary funds or for assets that will be held in trust for individuals, private organizations, or other governments.

Debt Service Funds - Debt service funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. Debt service funds should be used to report resources if legally mandated. Financial resources that are being accumulated for principal and interest maturing in future years also should be reported in debt service funds.

13. Interfund Transactions

Interfund services provided and used are accounted for as revenues, expenditures, or expenses. Transactions that constitute reimbursements to a fund for expenditures or expenses initially made from it that are properly applicable to another fund, are recorded as "due from other funds" or "due to other funds" on the balance sheet when they are expected to be liquidated within one year. If the receivable or payable is not expected to be liquidated after one year, it is classified as "advances to other funds" or "advances from other funds".

14. Leases

District as Lessee

The District is lessee in a non-cancellable lease of broadband infrastructure, as further described in Note III.F.5. In such arrangements, the District recognizes right-to-use lease assets (and corresponding lease liabilities) with an initial, individual value of \$10,000 or more. Right-to-use lease assets and lease liabilities are reported on the Statement of Net Position.

GARFIELD COUNTY SCHOOL DISTRICT NO. 16
Notes to the Financial Statements
June 30, 2025
(Continued)

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

14. Leases (continued)

District as Lessee (continued)

At the commencement of a lease, the District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made.

The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset.

Key estimates and judgments related to leases include how the District determines the following:

Discount Rate: The District uses the interest rate charged by the lessor as the discount rate to discount the expected lease payments to present value. When the interest rate charged by the lessor is not provided, the District uses a risk-free rate as the incremental borrowing rate, or the U.S. Treasury rate.

Lease Term: The lease term includes the non-cancellable period of the lease and extended term(s) that the District is reasonably certain to exercise.

Lease Payments: Lease payments included in the measurement of the lease liability are composed of fixed payments. The lease payments are subject to annual Consumer Price Index ("CPI") adjustments, and such variable payments are recognized as an expense when the estimated CPI adjustment differs from fixed payments initially used to measure the liability.

The District monitors changes in circumstances that would require a re-measurement of its leases and will re-measure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

District as Lessor

The District is lessor for a noncancellable lease of land. In such arrangements, the District recognizes a lease receivable and a deferred inflow of resources on the Statement of Net Position and fund financials.

At the commencement of the lease, the District initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received.

GARFIELD COUNTY SCHOOL DISTRICT NO. 16
Notes to the Financial Statements
June 30, 2025
(Continued)

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

14. Leases (continued)

District as Lessor (continued)

The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the lease term.

Key estimates and judgments include how the District determines the following:

Discount Rate: The District uses the interest rate charged by the lessor as the discount rate to discount the expected lease payments to present value. When the interest rate charged by the lessor is not provided, the District uses a risk-free rate as the incremental borrowing rate, or the U.S. Treasury rate.

Lease Term: The lease term includes the non-cancellable period of the lease and extended term(s) that the District is reasonably certain the lessee will exercise.

Lease Receipts: Lease receipts included in the measurement of the lease receivable are composed of fixed payments and minimum guaranteed payments from the lessee.

The District monitors changes in circumstances that would require a re-measurement of its leases, and will re-measure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

E. Significant Accounting Policies

1. Use of Estimates

The preparation of financial statements in conformity with GAAP requires the District's management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenues and expenditures or expenses during the reporting period. Actual results could differ from those estimates.

2. Credit Risk

The receivables of the various funds of the District are primarily due from other governments. Management believes that the credit risk related to the receivables is minimal.

GARFIELD COUNTY SCHOOL DISTRICT NO. 16
Notes to the Financial Statements
June 30, 2025
(Continued)

II. Stewardship, Compliance, and Accountability

A. Bond Trustee

Colorado state statutes require all property taxes levied for the purpose of satisfying bonded indebtedness to be administered by at least one third party custodian designated by the District. The third-party custodian is required to ensure all taxes levied to satisfy the obligations of bonded indebtedness are used accordingly. The District has entered into a custody agreement with Garfield County, Colorado in order to meet this requirement.

B. Budgetary Information

Budgets are adopted on a basis consistent with GAAP. As required by Colorado Statutes, all funds have legally adopted budgets and appropriations. The total expenditures for each fund may not exceed the amount appropriated. Appropriations for a fund may be increased if unanticipated revenues offset them. All appropriations lapse at year-end.

As required by Colorado Statutes, the District followed the required timetable noted below in preparing, approving, and enacting its budget for fiscal year 2025:

1. The proposed budget was submitted to the Board of Education by May 31 of the year preceding the budget year. The proposed budget must include a description of major educational objectives and how the proposed budget fulfills those objectives.
2. Notice was published within ten (10) days which contained: availability of proposed budget for inspection, date and time of budget adoption meeting, and that any County taxpayer may file objections prior to the adoption of the budget.
3. The Board of Education certified revenue requirements to the local County Commissioners prior to December 15.
4. The final budget was adopted prior to June 30, along with an appropriation resolution.

During the year, supplemental appropriation ordinances were approved for the following funds:

Fund	Original Appropriation	Final Appropriation	Change
General Fund	\$ 19,898,079	\$ 21,284,971	\$ 1,386,892
Food Service Fund	953,771	1,011,963	58,192
Grant Fund	2,676,289	3,235,810	559,521
Capital Projects Fund	8,848,070	8,948,070	100,000
Royalty Fund	150,000	175,116	25,116

GARFIELD COUNTY SCHOOL DISTRICT NO. 16
Notes to the Financial Statements
June 30, 2025
(Continued)

II. Stewardship, Compliance, and Accountability (continued)

B. Budgetary Information (continued)

The District had expenditures in excess of budget for the following fund. This may be a violation of state statute.

Fund	Expenditures in Excess of Budget	Reason
Food Service Fund	\$ 117,322	Increased food service costs.

C. TABOR Amendment

In November 1992, Colorado voters amended Article X of the Colorado Constitution by adding Section 20; commonly known as the Taxpayer's Bill of Rights ("TABOR"). TABOR contains revenue, spending, tax and debt limitations that apply to the State of Colorado and local governments. TABOR requires, with certain exceptions, advance voter approval for any new tax, tax rate increase, mill levy above that for the prior year, extension of any expiring tax, or tax policy change directly causing a net tax revenue gain to any local government. Any revenues earned in excess of the fiscal year spending limit must be refunded in the next fiscal year, unless voters approve retention of such excess revenue.

Except for refinancing debt at a lower interest rate or adding new employees to existing pension plans, TABOR requires advance voter approval for the creation of any multiple fiscal year debt or other financial obligation unless adequate present cash reserves are pledged irrevocably and held for payments in all future fiscal years.

TABOR also requires local governments to establish emergency reserves to be used for declared emergencies only. Emergencies, as defined by TABOR, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. These reserves are required to be 3% or more of fiscal year spending. The District has reserved \$686,000 of its June 30, 2025 fund balances for this purpose.

In 1997, the District's electorate approved the following ballot question: *"Without increasing any tax rates or imposing any new tax shall Garfield County School District 16 be authorized to collect, keep and expend all District revenues received in fiscal year 1998 and each year thereafter without regard to any spending, revenue raising or other limitation in Article X, Section 20 of the Colorado Constitution or other laws of the state?"*.

The District believes it is in compliance with the requirements of the TABOR Amendment. However, the Amendment is complex and subject to interpretation. Many of its provisions will require judicial interpretation.

GARFIELD COUNTY SCHOOL DISTRICT NO. 16
Notes to the Financial Statements
June 30, 2025
(Continued)

III. Detailed Notes on All Funds

A. Deposits and Investments

The District's deposits are entirely covered by federal depository insurance ("FDIC") or by collateral held under Colorado's Public Deposit Protection Act ("PDPA"). The FDIC insures the first \$250,000 of the District's deposits at each financial institution for interest-bearing accounts. Non-interest bearing accounts are fully insured. Deposit balances for interest-bearing accounts over \$250,000 are collateralized as required by PDPA.

The District is governed by the deposit and investment limitations of state law. The deposits and investment balances (including the agency fund) at June 30, 2025, are as follows:

Type:	Standard & Poors	Balance	Maturities	
			Less Than One Year	Less Than Five Years
<i>Deposits:</i>				
Checking accounts	Not rated	\$ 782,229	\$ 782,229	\$ -
<i>Investments:</i>				
Investment pool	AAAm	29,553,574	29,553,574	-
		<u>\$ 30,335,803</u>	<u>\$ 30,335,803</u>	<u>\$ -</u>

The investment pool represents investments in the Colorado Government Liquid Asset Trust ("COLOTRUST") which is a 2a7-like pool. The fair value of the pool is determined by the pool's share price. The District has no regulatory oversight for the pool.

Interest Rate Risk. The District limits investments maturities as required by state statutes as a means of managing its exposure to fair value losses arising from increasing interest rates. State statutes require the District to limit maturities to five years from the date of purchase. Maturities of investments held at June 30, 2025 are provided in the previous schedule. The District coordinates its investment maturities to closely match cash flow needs.

Credit Risk. State law specify instruments in which local governments may invest, including obligations of the United States, certain U.S. governmental agency securities, local government investment pools, and commercial paper, among other items. The District's general investment policy is to invest surplus funds in accordance with state law, to ensure the preservation of capital, to ensure that adequate funds are available at all times to meet the financial obligations of the District when due, and to realize rates of return on invested funds which are comparable to market levels.

Concentration of Credit Risk. The District diversifies its investments by security type and institution. The District places no limit on the amount it may invest in any one issuer.

Fair Value of Investments

The District measures and records its investments using fair value measurement guidelines established by GAAP.

GARFIELD COUNTY SCHOOL DISTRICT NO. 16
Notes to the Financial Statements
June 30, 2025
(Continued)

III. Detailed Notes on All Funds (continued)

A. Deposits and Investments (continued)

At June 30, 2025, the District had the following recurring fair value measurements:

<u>Investments Measured at Net Asset Value</u>	<u>Total</u>
COLOTRUST	\$ 29,553,575

B. Receivables and Unavailable Revenue

Receivables as of year-end for the District's major and non-major funds, including applicable allowances for uncollectible accounts, are as follows:

	<u>General Fund</u>	<u>Food Service Fund</u>	<u>Grant Fund</u>	<u>Bond Redemption Fund</u>
Receivables:				
Taxes	\$ 57,976	\$ -	\$ -	\$ 57,579
Intergovernmental	216,616	119,871	321,252	-
Leases	-	-	-	-
Accounts	31,493	-	-	-
Gross receivables	306,085	119,871	321,252	57,579
Less: allowance for uncollectible	-	-	-	-
Net Receivables	<u>\$ 306,085</u>	<u>\$ 119,871</u>	<u>\$ 321,252</u>	<u>\$ 57,579</u>

	<u>Capital Projects Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
Receivables:			
Taxes	\$ -	\$ -	\$ 115,555
Intergovernmental	-	-	657,739
Leases	-	588,310	588,310
Other	-	-	31,493
Gross receivables	-	588,310	1,393,097
Less: allowance for uncollectible	-	-	-
Net Receivables	<u>\$ -</u>	<u>\$ 588,310</u>	<u>\$ 1,393,097</u>

Governmental funds report *unavailable revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period.

C. Lease Receivable

The District leases approximately 1,500 square feet of land to a telecommunications entity. The non-cancelable term of the lease agreement, including options to extend which the District believes will be exercised by the lessee, are 25 years, which started in October 2022. The lease agreement has a fixed annual base rental payment of \$24,000, which is increased annually by 2% throughout the lease term.

During 2025, the District recognized \$42,769 in lease revenue, \$8,659 in lease interest revenue, and \$40 in variable payment revenue related to the lease.

GARFIELD COUNTY SCHOOL DISTRICT NO. 16
Notes to the Financial Statements
June 30, 2025
(Continued)

III. Detailed Notes on All Funds (continued)

C. Lease Receivable (continued)

At June 30, 2025, the District's receivable for lease payments was \$588,310, and the deferred inflow of resources associated with this lease, which will be recognized as revenue over the lease term, was \$562,053.

The following is a schedule of future principal and interest lease payments due under the terms of the lease, without regard to future variable payments, at June 30, 2025:

Year Ending June 30,	Principal	Interest	Total
2026	\$ 16,925	\$ 8,419	\$ 25,344
2027	17,682	8,169	25,851
2028	18,461	7,907	26,368
2029	19,261	7,634	26,895
2030	20,084	7,349	27,433
2031 - 2035	113,578	32,041	145,619
2036 - 2040	137,813	22,962	160,775
2041 - 2045	165,503	12,006	177,509
2046 - 2048	79,003	1,269	80,272
	<u>\$ 588,310</u>	<u>\$ 107,756</u>	<u>\$ 696,066</u>

D. Capital Assets

Capital asset activity for the year ended June 30, 2025, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 3,997,591	\$ -	\$ -	\$ 3,997,591
Construction in progress	69,916	2,232,805	(69,916)	2,232,805
Total capital assets, not being depreciated	<u>4,067,507</u>	<u>2,232,805</u>	<u>(69,916)</u>	<u>6,230,396</u>
Capital assets, being depreciated:				
Buildings and improvements	103,187,910	159,186	-	103,347,096
Vehicles and equipment	3,838,738	555,486	-	4,394,224
Lease assets	290,062	-	-	290,062
Total capital assets being depreciated	<u>107,316,710</u>	<u>714,672</u>	<u>-</u>	<u>108,031,382</u>
Less accumulated depreciation for:				
Buildings and improvements	(41,113,267)	(2,534,483)	-	(43,647,750)
Vehicles and equipment	(2,846,024)	(220,119)	-	(3,066,143)
Lease assets	(174,036)	(58,014)	-	(232,050)
Total accumulated depreciation	<u>(44,133,327)</u>	<u>(2,812,616)</u>	<u>-</u>	<u>(46,945,943)</u>
Capital assets being depreciated, net	<u>63,183,383</u>	<u>(2,097,944)</u>	<u>-</u>	<u>61,085,439</u>
Governmental activities capital assets, net	<u>\$ 67,250,890</u>	<u>\$ 134,861</u>	<u>\$ (69,916)</u>	<u>\$ 67,315,835</u>

GARFIELD COUNTY SCHOOL DISTRICT NO. 16
Notes to the Financial Statements
June 30, 2025
(Continued)

III. Detailed Notes on All Funds (continued)

D. Capital Assets (continued)

The District had the following capital outlay and depreciation and amortization expense for the following functions:

	Capital Outlay	Depreciation and Amortization Expense
Governmental activities:		
Direct instruction	\$ 2,493,128	\$ 2,428,579
General administration	271,444	51,701
Support services	-	58,013
Custodial and maintenance	-	191,174
Transportation	112,989	77,573
Food service	-	5,576
Total - Governmental activities	<u>\$ 2,877,561</u>	<u>\$ 2,812,616</u>

E. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2025, was as follows:

	Receivable Fund	Payable Fund
General Fund	\$ -	\$ 6,537,184
Grant Fund	740,013	-
Pupil Activity Fund	225,982	-
Bond Redemption Fund	3,871	33,536
Food Services Fund	62,368	-
Royalty Fund	637,648	-
Capital Projects Fund	4,900,838	-
Total	<u>\$ 6,570,720</u>	<u>\$ 6,570,720</u>

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

GARFIELD COUNTY SCHOOL DISTRICT NO. 16
Notes to the Financial Statements
June 30, 2025
(Continued)

III. Detailed Notes on All Funds (continued)

E. Interfund Receivables, Payables, and Transfers (continued)

Transfers for fiscal year 2025 were as follows:

<u>Transfer In (Out)</u>	<u>Amount</u>	<u>Transfer Purpose</u>
General Fund	\$ (1,000,000)	Funding future capital purchases
Capital Projects Fund	1,000,000	Funding future capital purchases
Total	<u>\$ -</u>	

F. Long-term Debt – Governmental Activities

1. General Obligation Refunding Bonds, Series 2005

On March 24, 2005, the District issued General Obligation Refunding Bonds, Series 2005 in the amount of \$6,785,000. Proceeds of the bond issue were used to advance refund a portion of the General Obligation Bonds, Series 2000 and to pay costs of issuance. The bonds are issued in denominations of \$5,000 and bear interest rates from 3.00% to 4.25%. As noted below the remaining \$3,545,000 of bonds were advance refunded in January 2015.

2. General Obligation Bonds, Series 2015A and General Obligation Refunding Bonds, Taxable Series 2015B

In January 2015, the District issued General Obligation Bonds, Series 2015A ("2015A bonds") in the amount of \$29,365,000 and General Obligation Refunding Bonds Taxable Series 2015B ("2015B bonds") in the amount of \$3,730,000.

Proceeds from the 2015A bonds will be used to acquire, construct, repair and improve District capital assets, and to pay costs of issuance. The bonds are issued in denominations of \$5,000 and bear interest rates from 2.00% to 5.00%. Bonds maturing on or after December 1, 2025, are subject to early redemption on December 1, 2024. The District's debt matures in fiscal year 2028.

Proceeds of the 2015B were used to advance refund a portion of the outstanding General Obligation Bonds, Series 2005 and to pay costs of issuance. The bonds are issued in denominations of \$5,000 and bear interest rates from 0.50% to 2.43%. The interest on the 2015B bonds is subject to federal income tax, because the federal tax code limits the number of advance refunding which can be issued by the District. The District's debt matured in fiscal year 2020. The present value savings on the bond refunding was \$118,696.

GARFIELD COUNTY SCHOOL DISTRICT NO. 16
Notes to the Financial Statements
June 30, 2025
(Continued)

III. Detailed Notes on All Funds (continued)

F. Long-term Debt – Governmental Activities (continued)

2. General Obligation Bonds, Series 2015A and General Obligation Refunding Bonds, Taxable Series 2015B (continued)

The District's aggregate annual debt service requirements for general obligation bonds at June 30, 2025, are as follows:

Fiscal Year				
Ending	Principal	Interest	Total	
2026	\$ 4,795,000	\$ 583,025	\$ 5,378,025	
2027	5,035,000	337,275	5,372,275	
2028	5,285,000	105,700	5,390,700	
Total	15,115,000	\$ 1,026,000	\$ 16,141,000	
	345,022	Add: Unamortized bond premium		
	<u>\$ 15,460,022</u>	Total bonded debt		

3. Debt Compliance

The District is compliant in ongoing disclosure requirements to the secondary bond market in accordance with the Securities and Exchange Commission's Rule 15c2-12.

4. Defeasance of Debt

As noted above, proceeds of 2005, 2010, and 2015B refunding bond issuances were used to purchase U.S. government securities to retire previous bonds issues. Sufficient U.S. government, state and local governmental securities were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of the refunded debt. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the District's financial records. The amount of the District's defeased debt is not readily determinable.

5. Lease Payable

In 2020, the District entered into a 60-month Master Service Agreement ("MSA") with Vero Fiber Networks, LLC ("Vero"), for the lease of 8 fiber-optic cables for District internet access and communications. The MSA has an initial term of 5 years from the effective date.

Non-recurring charges for initial equipment and infrastructure installation totaled \$452,009, most of which was largely subsidized by a federal provider. The lease calls for annual payments to Vero of \$59,664, or \$4,972 monthly plus applicable Universal Service Fee surcharges and taxes for the rented equipment and bears imputed annual interest of 1.11%. Monthly lease payments are due 30 days from the date of the invoice.

GARFIELD COUNTY SCHOOL DISTRICT NO. 16
Notes to the Financial Statements
June 30, 2025
(Continued)

III. Detailed Notes on All Funds (continued)

F. Long-term Debt – Governmental Activities (continued)

5. Lease Payable (continued)

Lease asset payment requirements at June 30, 2025, were as follows:

Fiscal Year Ending	Principal	Interest	Total
2026	\$ 59,307	\$ 357	\$ 59,664
Total	\$ 59,307	\$ 357	\$ 59,664

6. Changes in Long-term Liabilities

The following is a summary of changes in long-term liabilities for the year ended June 30, 2025:

	July 1, 2024	Additions	Reductions	June 30, 2025	Due Within One Year
Governmental Activities:					
General Obligation Bonds:					
Building Bonds, Series 2015A	\$ 19,680,000	\$ -	\$ (4,565,000)	\$ 15,115,000	\$ 4,795,000
Unamortized bond premium	619,769	-	(274,747)	345,022	-
Lease payable	117,960	-	(58,653)	59,307	59,307
Accrued compensated absences*	481,921	62,246	-	544,167	136,042
Early retirement obligation	124,726	-	(124,726)	-	-
Net OPEB liability	603,028	-	(158,203)	444,825	-
Net pension liability	24,974,302	96,398	-	25,070,700	-
Total Governmental Activities	\$ 46,601,706	\$ 158,644	\$ (5,181,329)	\$ 41,579,021	\$ 4,990,349

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

For governmental activities, compensated absences are liquidated by the General Fund.

GARFIELD COUNTY SCHOOL DISTRICT NO. 16
Notes to the Financial Statements
June 30, 2025
(Continued)

III. Detailed Notes on All Funds (continued)

G. Defined Benefit Pension – Plan, Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources

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

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

The lifetime retirement benefit for all eligible retiring employees under the 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.
- 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 percent 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.

GARFIELD COUNTY SCHOOL DISTRICT NO. 16
Notes to the Financial Statements
June 30, 2025
(Continued)

III. Detailed Notes on All Funds (continued)

G. Defined Benefit Pension – Plan, Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (continued)

Benefits provided as of December 31, 2024 (continued)

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

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

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

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

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

GARFIELD COUNTY SCHOOL DISTRICT NO. 16
Notes to the Financial Statements
June 30, 2025
(Continued)

III. Detailed Notes on All Funds (continued)

G. Defined Benefit Pension – Plan, Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (continued)

Contributions provisions as of June 30, 2025 (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 \$2,403,118 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.

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

At June 30, 2025, the District reported a liability of \$25,070,700 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:

The District's proportionate share of the net pension liability	\$ 25,070,700
The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the District	<u>2,066,172</u>
Total	<u><u>\$ 27,136,872</u></u>

At December 31, 2024, the District proportion was 0.1453%, which was an increase of 0.0041% from its proportion of 0.1412% measured as of December 31, 2023.

GARFIELD COUNTY SCHOOL DISTRICT NO. 16
Notes to the Financial Statements
June 30, 2025
(Continued)

III. Detailed Notes on All Funds (continued)

G. Defined Benefit Pension – Plan, Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (continued)

Contributions provisions as of June 30, 2025 (continued)

For the year ended June 30, 2025, the District recognized pension expense of \$3,030,733 and revenue of \$237,465 for support from the State as a nonemployer contributing entity. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 1,419,716	\$ -
Changes of assumptions or other inputs	187,958	-
Net difference between projected and actual earnings on pension plan investments	473,014	-
Changes in proportionate share of contributions	2,116,716	188,919
Contributions subsequent to the measurement date	1,172,495	-
Total	<u>\$ 5,369,899</u>	<u>\$ 188,919</u>

\$1,172,495 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2026 measurement date. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2026	\$ 2,583,827
2027	2,359,531
2028	(597,517)
2029	(337,356)
Total	<u>\$ 4,008,485</u>

GARFIELD COUNTY SCHOOL DISTRICT NO. 16
Notes to the Financial Statements
June 30, 2025
(Continued)

III. Detailed Notes on All Funds (continued)

G. Defined Benefit Pension – Plan, Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (continued)

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

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

GARFIELD COUNTY SCHOOL DISTRICT NO. 16
Notes to the Financial Statements
June 30, 2025
(Continued)

III. Detailed Notes on All Funds (continued)

G. Defined Benefit Pension – Plan, Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (continued)

Actuarial assumptions (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.

GARFIELD COUNTY SCHOOL DISTRICT NO. 16
Notes to the Financial Statements
June 30, 2025
(Continued)

III. Detailed Notes on All Funds (continued)

G. Defined Benefit Pension – Plan, Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (continued)

Actuarial assumptions (continued)

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

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

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

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

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

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00%.
- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the scheduled increases in SB 18-200 and required adjustments resulting from the 2018 and 2020 AAP assessments. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.

GARFIELD COUNTY SCHOOL DISTRICT NO. 16
Notes to the Financial Statements
June 30, 2025
(Continued)

III. Detailed Notes on All Funds (continued)

G. Defined Benefit Pension – Plan, Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (continued)

Discount rate (continued)

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

GARFIELD COUNTY SCHOOL DISTRICT NO. 16
Notes to the Financial Statements
June 30, 2025
(Continued)

III. Detailed Notes on All Funds (continued)

G. Defined Benefit Pension – Plan, Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (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 (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	\$ 33,990,058	\$ 25,070,700	\$ 17,599,490

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

III. Detailed Notes on All Funds (continued)

H. Health Care Trust Fund Liabilities and Related Expenses, Deferred Outflows of Resources, and Deferred Inflows of Resources

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 C.R.S., as amended. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. Title 24, Article 51, Part 12 of the C.R.S., as amended, sets forth a framework that grants authority to the PERA Board to contract, self-insure, and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of the premium subsidies. 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 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 DPS Division and one or more of the other four Divisions (State, School, Local Government and Judicial), the premium subsidy is allocated between the HCTF and the Denver Public Schools Health Care Trust Fund ("DPS HCTF"). The basis for the amount of the premium subsidy funded by each trust fund is the percentage of the member contribution account balance from each division as it relates to the total member contribution account balance from which the retirement benefit is paid.

GARFIELD COUNTY SCHOOL DISTRICT NO. 16
Notes to the Financial Statements
June 30, 2025
(Continued)

III. Detailed Notes on All Funds (continued)

H. Health Care Trust Fund Liabilities and Related Expenses, Deferred Outflows of Resources, and Deferred Inflows of Resources (continued)

Benefits provided (continued)

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 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 basis for 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.

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 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.

GARFIELD COUNTY SCHOOL DISTRICT NO. 16
Notes to the Financial Statements
June 30, 2025
(Continued)

III. Detailed Notes on All Funds (continued)

H. Health Care Trust Fund Liabilities and Related Expenses, Deferred Outflows of Resources, and Deferred Inflows of Resources (continued)

DPS Benefit Structure (continued)

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 \$120,272 for the year ended June 30, 2025.

Liabilities. At June 30, 2025, the District reported a liability of \$444,825 for its proportionate share of net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2024, and the total OPEB liability ("TOL") used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2023. Standard update procedures were used to roll forward the TOL to December 31, 2024. The District proportion of the net OPEB liability was based on District 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 proportion was 0.0930%, which was an increase of 0.0085% from its proportion of 0.0845% measured as of December 31, 2023.

GARFIELD COUNTY SCHOOL DISTRICT NO. 16
Notes to the Financial Statements
June 30, 2025
(Continued)

III. Detailed Notes on All Funds (continued)

H. Health Care Trust Fund Liabilities and Related Expenses, Deferred Outflows of Resources, and Deferred Inflows of Resources (continued)

Liabilities (continued)

For the year ended June 30, 2025, the District recognized a credit OPEB expense of \$46,867. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expenses and actual experience	\$ -	\$ 98,119
Change of assumptions or other inputs	5,101	142,188
Net difference between projected and actual earnings on plan investments	1,508	-
Changes in proportionate share of contributions	92,372	45,894
Contributions subsequent to measurement date	58,682	-
	<u>\$ 157,663</u>	<u>\$ 286,201</u>

\$58,682 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	Amortization
2026	\$ (64,642)
2027	(38,204)
2028	(41,492)
2029	(23,748)
2030	(13,387)
Thereafter	(5,747)
Total	<u>\$ (187,220)</u>

GARFIELD COUNTY SCHOOL DISTRICT NO. 16
Notes to the Financial Statements
June 30, 2025
(Continued)

III. Detailed Notes on All Funds (continued)

H. Health Care Trust Fund Liabilities and Related Expenses, Deferred Outflows of Resources, and Deferred Inflows of Resources (continued)

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

Actuarial cost method	Entry age
Price inflation	2.30%
Real wage growth	0.70%
Wage inflation	3.00%
Salary increases, including wage inflation	
Members other than Safety Officers	3.40% - 11.00%
Safety Officers	N/A
Long-term investment rate of return, net of OPEB plan	
investment expenses, including price inflation	7.25%
Discount rate	7.25%
Health care cost trend rates	
PERA benefit structure:	
Service-based premium subsidy	0.00%
PERACare Medicare plans	16.00% in 2024, then 6.75% in 2025, gradually decreasing to 4.50% in 2034
MAPD PPO #2	105.00% in 2024, then 8.55% in 2025, gradually decreasing to 4.50% in 2034
Medicare Part A premiums	3.50% in 202, 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.

GARFIELD COUNTY SCHOOL DISTRICT NO. 16
Notes to the Financial Statements
June 30, 2025
(Continued)

III. Detailed Notes on All Funds (continued)

H. Health Care Trust Fund Liabilities and Related Expenses, Deferred Outflows of Resources, and Deferred Inflows of Resources (continued)

Actuarial assumptions (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, as discussed below.

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

GARFIELD COUNTY SCHOOL DISTRICT NO. 16
Notes to the Financial Statements
June 30, 2025
(Continued)

III. Detailed Notes on All Funds (continued)

H. Health Care Trust Fund Liabilities and Related Expenses, Deferred Outflows of Resources, and Deferred Inflows of Resources (continued)

Actuarial assumptions (continued)

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

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

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

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.

GARFIELD COUNTY SCHOOL DISTRICT NO. 16
Notes to the Financial Statements
June 30, 2025
(Continued)

III. Detailed Notes on All Funds (continued)

H. Health Care Trust Fund Liabilities and Related Expenses, Deferred Outflows of Resources, and Deferred Inflows of Resources (continued)

Actuarial assumptions (continued)

Pre-Retirement	Mortality Table	Adjustments, as Applicable
State and Local Government Divisions (members other than Safety Officers)	PubG-2010 Employee	N/A
Safety Officers	PubS-2010 Employee	N/A
School Division	PubT-2010 Employee	N/A
Judicial Division	PubG-2010(A) Above-Median Employee	N/A
Post-Retirement (Retiree), Non-Disabled	Mortality Table	Adjustments, as Applicable
State and Local Government Divisions (members other than Safety Officers)	PubG-2010 Healthy Retiree	Males: 94% of the rates prior to age 80/ 90% of the rates age 80 and older Females: 87% of the rates prior to age 80/ 107% of the rates age 80 and older
Safety Officers	PubS-2010 Healthy Retiree	N/A
School Division	PubT-2010 Healthy Retiree	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
Judicial Division	PubG-2010(A) Above-Median Healthy Retiree	N/A
Post-Retirement (Beneficiary), Non-Disabled	Mortality Table	Adjustments, as Applicable
All Beneficiaries	Pub-2010 Contingent Survivor	Males: 97% of the rates for all ages Females: 105% of the rates for all ages
Disabled	Mortality Table	Adjustments, as Applicable
Members other than Safety Officers	PubNS-2010 Disabled Retiree	99% of the rates for all ages
Safety Officers	PubS-2010 Disabled Retiree	N/A

GARFIELD COUNTY SCHOOL DISTRICT NO. 16
Notes to the Financial Statements
June 30, 2025
(Continued)

III. Detailed Notes on All Funds (continued)

H. Health Care Trust Fund Liabilities and Related Expenses, Deferred Outflows of Resources, and Deferred Inflows of Resources (continued)

Actuarial assumptions (continued)

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

- 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 have been updated to reflect costs for the 2024 plan year.
- The health care cost trend rates applicable to health care premiums were revised to reflect the current expectation of future increases in those premiums. A separate trend rate assumption set was added for MAPD PPO #2 as the first-year rate is still below the maximum subsidy and also the assumption set reflects the estimated impact of the Inflation Reduction Act for that plan option.
- The Medicare health care plan election rate assumptions were updated effective as of the December 31, 2023, valuation date based on an experience analysis of recent data.

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

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

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

GARFIELD COUNTY SCHOOL DISTRICT NO. 16
Notes to the Financial Statements
June 30, 2025
(Continued)

III. Detailed Notes on All Funds (continued)

H. Health Care Trust Fund Liabilities and Related Expenses, Deferred Outflows of Resources, and Deferred Inflows of Resources (continued)

Actuarial assumptions (continued)

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.

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

GARFIELD COUNTY SCHOOL DISTRICT NO. 16
Notes to the Financial Statements
June 30, 2025
(Continued)

III. Detailed Notes on All Funds (continued)

H. Health Care Trust Fund Liabilities and Related Expenses, Deferred Outflows of Resources, and Deferred Inflows of Resources (continued)

Actuarial assumptions (continued)

Post-Retirement (Retiree), Non-Disabled	Mortality Table	Adjustments, as Applicable
State and Local Government Divisions (members other than Safety Officers)	PubG-2010 Healthy Retiree	Males: 90% of the rates for all ages Females: 85% of the rates prior to age 85/ 105% of the rates age 85 and older
Safety Officers	PubS-2010 Healthy Retiree	N/A
School Division	PubT-2010 Healthy Retiree	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
Judicial Division	PubG-2010(A) Above-Median Healthy Retiree	N/A

Post-Retirement (Beneficiary), Non-Disabled	Mortality Table	Adjustments, as Applicable
All Beneficiaries	Pub-2010 Contingent Survivor	Males: 92% of the rates for all ages Females: 100% of the rates for all ages
Disabled	Mortality Table	Adjustments, as Applicable
Members other than Safety Officers	PubNS-2010 Disabled Retiree	95% of the rates for all ages
Safety Officers	PubS-2010 Disabled Retiree	N/A

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

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

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.

GARFIELD COUNTY SCHOOL DISTRICT NO. 16
Notes to the Financial Statements
June 30, 2025
(Continued)

III. Detailed Notes on All Funds (continued)

H. Health Care Trust Fund Liabilities and Related Expenses, Deferred Outflows of Resources, and Deferred Inflows of Resources (continued)

Actuarial assumptions (continued)

These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentages and then adding expected inflation.

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

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

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

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

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Initial PERACare Medicare trend rate ¹	5.75%	6.75%	7.75%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial MAPD PPO #2 trend rate ¹	7.55%	8.55%	9.55%
Ultimate MAPD PPO #2 trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate ¹	2.75%	3.75%	4.75%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Proportionate Share of Net OPEB Liability	\$ 432,840	\$ 444,825	\$ 458,388

¹For the January 1, 2025, plan year.

GARFIELD COUNTY SCHOOL DISTRICT NO. 16
Notes to the Financial Statements
June 30, 2025
(Continued)

III. Detailed Notes on All Funds (continued)

H. Health Care Trust Fund Liabilities and Related Expenses, Deferred Outflows of Resources, and Deferred Inflows of Resources (continued)

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

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2024, measurement date.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00%.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Estimated transfers of dollars into the HCTF representing a portion of purchase service agreements intended to cover the costs associated with OPEB benefits.
- Benefit payments and contributions were assumed to be made at the middle of the year.
- 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 projection test indicates the HCTF's fiduciary net position was projected to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25% on OPEB plan investments was applied to all periods of projected benefit payments to determine the TOL. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25%. There was no change in the discount rate from the prior measurement date.

GARFIELD COUNTY SCHOOL DISTRICT NO. 16
Notes to the Financial Statements
June 30, 2025
(Continued)

III. Detailed Notes on All Funds (continued)

H. Health Care Trust Fund Liabilities and Related Expenses, Deferred Outflows of Resources, and Deferred Inflows of Resources (continued)

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	\$ 545,140	\$ 444,825	\$ 358,341

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

IV. Other Information

A. Defined Contribution Pension Plan

Plan Description. Employees of the District that are also members of the SCHDTF may voluntarily contribute to the Voluntary Investment Program, 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 Annual Report which includes additional information on the Voluntary Investment Program. That report can be obtained at www.copera.org/investments/pera-financial-reports.

Funding Policy. The Voluntary Investment Program 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. Employees are immediately vested in their own contributions, employer contributions and investment earnings. There were no 401(k) Plan member contributions from the District for the year ended June 30, 2025.

B. Risk Management

The District is exposed to various risks of loss related to workers compensation, general liability, unemployment, torts, theft of, damage to, and destruction of assets, and error and omissions. The District carries commercial coverage for these risks and claims and does not expect claims to exceed their coverage. For the last three years, settled claims have not exceeded commercial insurance coverage, nor has there been any reduction in insurance coverage.

GARFIELD COUNTY SCHOOL DISTRICT NO. 16
Notes to the Financial Statements
June 30, 2025
(Continued)

IV. Other Information (continued)

B. Risk Management (continued)

Pupil Counts. Each year the District submits data regarding pupil counts to the Colorado Department of Education (CDE). The purpose of this data collection is to obtain required student level data as provided for by state statute (s), including information regarding students' funding eligibility as outlined in the Public School Finance Act of 1994 (22-54-101, C.R.S.).

The Student October Count is based on a one (1) day membership count in which districts are asked to report all students who are actively enrolled and attending classes through their district on that date. In an effort to ensure accurate reporting of those data fields associated with student funding, CDE conducts periodic compliance audits of each district's student October count data. This data not only determine per pupil funding, but also at risk and English Language Proficiency Act (ELPA) funding. CDE audits districts every one to four years, the frequency of which is determined by a number of factors including, but not limited to, the size and location of the district, as well as issues or concerns that might have arisen from prior audits.

The District believes its pupil count information is accurate and any adjustment would not be material.

C. Contingencies

1. Legal Claims

During the normal course of business, the District incurs claims and other assertions against it from various agencies and individuals. Management of the District and their legal representatives feel none of these claims or assertions are significant enough that they would materially affect the fairness of the presentation of the financial statements at June 30, 2025.

2. Federal Programs

Funds received from Federal grants are subject to audit and disallowance of ineligible cost. Management of the District feels any potential questioned or disallowed costs or liability arising from the Federal program audits would not materially affect the fairness of the presentation of the financial statements at June 30, 2025.

3. State Programs

The District receives payment for State equalization, State transportation and various other State revenues to fund programs. These grants and programs are subject to audit and may result in the District either refunding amounts due for overpayment or receiving additional revenue for underpayment by the State. These adjustments can be material. The amount of these adjustments cannot be estimated or determined as of the date of these financial statements.

GARFIELD COUNTY SCHOOL DISTRICT NO. 16
Notes to the Financial Statements
June 30, 2025
(Continued)

IV. Other Information (continued)

D. Mill Levy Override Approvals

On November 4, 2003, the electorate approved a ballot question authorizing the District to raise and expend local property tax revenues of \$996,000 in excess of limitations set forth by the Public School Finance Act of 1994 and Section 20 of Article X of the State Constitution.

In November 2014 the electorate approved an extension of the General Fund Override ballot question. In accordance with the ballot language, funds are to be designated for use for:

- Recruiting, training and retaining high quality teachers and staff, and
- Providing a rigorous curriculum that prepares students for college and the workplace

E. Jointly Governed Organization – BOCES

The District, together with three school districts, participates in the Colorado River Board of Cooperative Educational Services (the "BOCES"). The purpose of the BOCES is to pool resources of the individual districts and to provide services common to each on a basis that is more economical than if the same services were provided individually. Administrative costs are borne equally by the districts. Administrative costs and services by BOCES are charged to each district based upon individual needs and the student population.

The Board of the BOCES consists of one member of each participating district. Each district has equal voting rights in the decisions of the BOCES.

The BOCES has issued its own audited financial statements for the year ended June 30, 2024, the latest available data. The following summary information is presented:

Assets	\$ 6,211,456
Deferred Outflows of Resources	3,934,266
Liabilities	13,192,273
Deferred Inflows of Resources	102,543
Net Position	<u>\$ (3,149,094)</u>
Expenses	\$ (13,394,990)
Program Revenues	12,663,596
General Revenues	2,222
Change in Net Position	<u>(729,172)</u>
Net Position - Beginning	(2,419,922)
Net Position - Ending	<u>\$ (3,149,094)</u>

For the year ended June 30, 2025, the District made operating contributions of \$781,938.

GARFIELD COUNTY SCHOOL DISTRICT NO. 16
Notes to the Financial Statements
June 30, 2025
(Continued)

IV. Other Information (continued)

F. Colorado School District Self Insurance Pool

The District belongs to the Colorado School Districts Self Insurance Pool (the "Pool"). The Pool was established by the Colorado Association of School Boards ("CASB") to provide insurance coverage to participants in the areas of property, crime, vehicle, liability, School Crisis Act, and other coverage. The majority of the Board of Directors of the Pool is appointed by CASB.

Each member's initial contribution and subsequent contributions are determined by the Pool based on factors including, but not limited to, aggregate Pool claims, the cost of administrative and other costs, the number of participants, and the adequacy of operating and reserve funds.

The District's share in the Pool is not determinable from current information. The Pool has issued its own audited financial statements for the year ended June 30, 2024 the latest available data. The following summary information is presented:

Admitted Assets	\$ 73,357,719
Liabilities	<u>(32,819,402)</u>
Surplus	<u>\$ 40,538,317</u>
Revenues	\$ 37,101,494
Expenses	<u>(28,858,942)</u>
Net Income	<u>8,242,552</u>
Change in nonadmitted assets	<u>(130,246)</u>
Surplus - Beginning	32,426,011
Net Position - Ending	<u>\$ 40,538,317</u>

G. Restatement of Beginning Fund Balances

As a result of a change in the financial reporting entity, the classification of certain funds has been revised. Specifically, the Royalty Fund has been reclassified from a major fund to a non-major fund for the current fiscal year. The beginning fund balance of the affected funds has been restated to reflect this reclassification. The adjustment to the beginning fund balance as of June 30, 2024, is as follows:

	6/30/2024 As Previously Reported	Change to or within the Financial Reporting Entity	6/30/204 As Adjusted
Governmental Funds			
Major Funds:			
Royalty Fund	\$ 566,454	\$ (566,454)	\$ -
Nonmajor Funds	490,333	566,454	1,056,787
Total Governmental Funds	<u>\$ 1,056,787</u>	<u>\$ -</u>	<u>\$ 1,056,787</u>

GARFIELD COUNTY SCHOOL DISTRICT NO. 16
Notes to the Financial Statements
June 30, 2025
(Continued)

IV. Other Information (continued)

H. Implementation of Accounting Standard

Effective July 1, 2024, the District implemented Governmental Accountings Standards Board Statements No. 101, *Compensated Absences* ("GASB 101"). The Standard requires entities to recognize a liability for all forms of compensated absences, including those that are not paid upon an employee's separation from service, such as sick leave. The standard requires entities to estimate the compensated absence liability based on historical data regarding the accumulation and forfeiture of leave balances rather than solely on termination payouts. The implementation of this standard did not result in a change to beginning net position.

I. Construction Commitments

The District has active construction projects ongoing at year-end.

At June 30, 2025, the District's commitments with contractors are as follows:

Project	Spent to Date	Remaining Commitment
Bea Underwood HVAC, sanitary plumbing, and guardrail/handrail replacements	\$ 1,722,821	\$ 1,701,802

Garfield County School District No. 16

Required Supplementary Information



GARFIELD COUNTY SCHOOL DISTRICT NO. 16
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (GAAP Basis)
General Fund
For the Year Ended June 30, 2025
(With Comparative Actual Amounts for 2024)

	2025				2024
	Original Budget	Final Budget	Actual Amounts	Final Budget Variance Positive (Negative)	Actual Amounts
REVENUES					
Local sources:					
Property taxes levied for general purposes	6,251,431	5,417,332	5,439,857	22,525	7,703,064
Specific ownership taxes	650,000	740,000	737,843	(2,157)	738,575
Other taxes	10,000	40,000	15,808	(24,192)	28,688
Investment income	900,000	900,000	1,281,843	381,843	1,254,241
Other	379,518	394,518	441,275	46,757	639,383
Total Local sources	8,190,949	7,491,850	7,916,626	424,776	10,363,951
Intermediate sources	60,000	75,000	35,362	(39,638)	98,373
Federal sources	259,235	481,608	251,186	(230,422)	258,254
State sources:					
Equalization	9,731,102	10,925,508	10,919,866	(5,642)	7,522,452
Other	1,277,628	1,260,653	1,218,820	(41,833)	1,055,330
Total State sources	11,008,730	12,186,161	12,138,686	(47,475)	8,577,782
Total Revenues	19,518,914	20,234,619	20,341,860	107,241	19,298,360
EXPENDITURES					
Direct instruction	9,609,943	9,904,421	9,621,621	282,800	8,131,951
Indirect instruction	2,087,216	2,179,715	1,585,645	594,070	1,183,297
General administration	2,548,181	2,591,246	2,557,557	33,689	2,242,599
Support services	1,808,299	1,798,438	1,656,326	142,112	1,398,646
Custodial and maintenance	2,550,958	2,823,195	2,819,658	3,537	2,193,909
Transportation	561,482	615,956	583,547	32,409	543,588
Capital outlay	172,000	312,000	367,903	(55,903)	165,919
Debt service:					
Lease principal	60,000	60,000	58,652	1,348	58,005
Interest on leases	-	-	1,012	(1,012)	1,659
Total Expenditures	19,398,079	20,284,971	19,251,921	1,033,050	15,919,573
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	120,835	(50,352)	1,089,939	1,140,291	3,378,787
OTHER FINANCING SOURCES (USES)					
Transfers in (out)	(500,000)	(1,000,000)	(1,000,000)	-	(760,000)
NET CHANGE IN FUND BALANCES	(379,165)	(1,050,352)	89,939	1,140,291	2,618,787
FUND BALANCES - BEGINNING OF YEAR	8,288,581	10,617,428	10,617,428	-	7,998,641
FUND BALANCES - END OF YEAR	7,909,416	9,567,076	10,707,367	1,140,291	10,617,428

GARFIELD COUNTY SCHOOL DISTRICT NO. 16
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (GAAP Basis)
Special Revenue Fund
Designated-Purpose Grants Fund
For the Year Ended June 30, 2025
(With Comparative Actual Amounts for 2024)

	2025				2024
	Original Budget	Final Budget	Actual Amounts	Final Budget Variance Positive (Negative)	Actual Amounts
REVENUES					
Local sources	516,538	720,968	318,367	(402,601)	157,673
Intermediate sources	-	-	1,750	1,750	1,000
Federal sources	1,004,042	1,327,484	823,586	(503,898)	1,090,785
State income	1,155,709	1,187,358	914,288	(273,070)	721,143
Total revenues	2,676,289	3,235,810	2,057,991	(1,177,819)	1,970,601
EXPENDITURES					
Direct instruction	1,026,459	1,195,761	653,268	542,493	555,680
Indirect instruction	1,354,955	1,852,706	1,292,301	560,405	984,306
General administration	-	-	-	-	614
Transportation	8,514	7,970	3,756	4,214	-
Food service	1,482	48,776	28,050	20,726	-
Capital outlay	284,879	130,597	80,616	49,981	430,001
Total expenditures	2,676,289	3,235,810	2,057,991	1,177,819	1,970,601
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	-	-	-	-
FUND BALANCE - BEGINNING OF YEAR	-	-	-	-	-
FUND BALANCE - END OF YEAR	-	-	-	-	-

GARFIELD COUNTY SCHOOL DISTRICT NO. 16
Schedule of the District's Proportionate Share of the Net Pension Liability
Colorado Public Employees' Retirement Association School Division Trust Fund
Last 10 Fiscal Years

For the measurement date of December 31,	2024	2023	2022	2021	2020
District's proportion of the net pension liability	0.1453%	0.1412%	0.1139%	0.1262%	0.1545%
District's proportionate share of the net pension liability	25,070,700	24,974,302	20,739,731	14,687,964	23,364,304
State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the District	2,066,172	535,862	4,679,974	1,510,615	-
Total proportionate share of the net pension liability associated with the District	<u>27,136,872</u>	<u>25,510,164</u>	<u>25,419,705</u>	<u>16,198,579</u>	<u>23,364,304</u>
District's covered payroll	11,227,697	9,336,568	8,786,056	7,887,959	8,057,197
District's proportionate share of the net pension liability as a percentage of its covered payroll	223%	267%	236%	186%	290%
Plan fiduciary net position as a percentage of the total pension liability	67.17%	64.74%	61.79%	74.86%	66.99%
For the measurement date of December 31,	2019	2018	2017	2016	2015
District's proportion of the net pension liability	0.1358%	0.1371%	0.1621%	0.1586%	0.1467%
District's proportionate share of the net pension liability	20,282,376	24,284,082	52,425,365	47,211,841	22,440,321
State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the District	2,282,993	2,921,092	-	-	-
Total proportionate share of the net pension liability associated with the District	<u>22,565,369</u>	<u>27,205,174</u>	<u>52,425,365</u>	<u>47,211,841</u>	<u>22,440,321</u>
District's covered payroll	7,963,152	7,539,428	7,478,617	7,116,816	6,394,179
District's proportionate share of the net pension liability as a percentage of its covered payroll	255%	322%	701%	663%	351%
Plan fiduciary net position as a percentage of the total pension liability	64.52%	57.01%	43.96%	43.10%	59.20%

Refer to the accompany notes to RSI.

GARFIELD COUNTY SCHOOL DISTRICT NO. 16
Schedule of District's Pension Contributions
Colorado Public Employees' Retirement Association School Division Trust Fund
Last 10 Fiscal Years

Fiscal year-ended June 30,	2025	2024	2023	2022	2021
Contractually required contribution	2,403,118	2,020,193	1,831,852	1,652,999	1,601,771
Contributions in relation to the contractually required contribution	<u>(2,403,118)</u>	<u>(2,020,193)</u>	<u>(1,831,852)</u>	<u>(1,652,999)</u>	<u>(1,601,771)</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
District's covered payroll	11,791,335	9,912,620	8,988,478	8,314,882	8,057,197
Contributions as a percentage of covered payroll	20.38%	20.38%	20.38%	19.88%	19.88%
Fiscal year-ended June 30,	2020	2019	2018	2017	2016
Contractually required contribution	1,491,691	1,480,237	1,402,037	1,371,996	1,108,111
Contributions in relation to the contractually required contribution	<u>(1,491,691)</u>	<u>(1,480,237)</u>	<u>(1,402,037)</u>	<u>(1,371,996)</u>	<u>(1,108,111)</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
District's covered payroll	7,697,061	7,737,691	7,424,996	7,462,587	6,394,179
Contributions as a percentage of covered payroll	19.38%	19.13%	18.88%	18.38%	17.33%

Refer to the accompany notes to RSI.

GARFIELD COUNTY SCHOOL DISTRICT NO. 16
Schedule of the District's Proportionate Share of the Other Post-Employment Benefits Liability
Colorado Public Employees' Retirement Association Health Care Trust Fund
Last 10 Fiscal Years *

For the measurement date of December 31,	2024	2023	2022	2021	2020
District's proportion of the net OPEB liability	0.0930%	0.0845%	0.0866%	0.0824%	0.0894%
District's proportionate share of the net OPEB liability	444,825	603,028	706,925	710,608	849,488
District's covered payroll	11,227,697	9,336,568	8,786,056	7,887,959	8,057,197
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	2524%	1548%	1243%	1110%	948%
Plan fiduciary net position as a percentage of the total OPEB liability	59.83%	46.16%	38.57%	39.40%	32.78%
For the measurement date of December 31,	2019	2018	2017	2016	
District's proportion of the net OPEB liability	0.0886%	0.0891%	0.0921%	0.0901%	
District's proportionate share of the net OPEB liability	995,438	1,212,828	1,197,173	1,168,591	
District's covered payroll	7,963,152	7,539,428	7,478,617	7,116,816	
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	800%	622%	625%	609%	
Plan fiduciary net position as a percentage of the total OPEB liability	24.49%	17.03%	17.53%	16.72%	

* The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.
Information is only available beginning in fiscal year 2017.

GARFIELD COUNTY SCHOOL DISTRICT NO. 16
Schedule of District's Other Post-Employment Benefits Contributions
Colorado Public Employees' Retirement Association Health Care Trust Fund
Last 10 Fiscal Years *

Fiscal year-ended June 30,	2025	2024	2023	2022	2021
Contractually required contribution	120,272	101,109	91,682	84,812	82,183
Contributions in relation to the contractually required contribution	<u>(120,272)</u>	<u>(101,109)</u>	<u>(91,682)</u>	<u>(84,812)</u>	<u>(82,183)</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
District's covered payroll	11,791,335	9,912,620	8,988,478	8,314,882	8,057,197
Contributions as a percentage of covered payroll	1.02%	1.02%	1.02%	1.02%	1.02%
Fiscal year-ended June 30,	2020	2019	2018	2017	
Contractually required contribution	78,510	78,924	75,735	76,118	
Contributions in relation to the contractually required contribution	<u>(78,510)</u>	<u>(78,924)</u>	<u>(75,735)</u>	<u>(76,118)</u>	
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	
District's covered payroll	7,697,061	7,737,691	7,424,996	7,462,587	
Contributions as a percentage of covered payroll	1.02%	1.02%	1.02%	1.02%	

*The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year. Information is only available beginning in fiscal year 2017.

GARFIELD COUNTY SCHOOL DISTRICT NO. 16
Notes to Required Supplementary Information
June 30, 2025

I. Notes to Required Supplementary Information – PERA

A. Significant Changes in Plan Provisions Affecting Trends in Actuarial Information

1. Changes since the December 31, 2023 actuarial valuation:

- As of the December 31, 2024, measurement date, the fiduciary net position (FNP) and related disclosure components for the Local Government Division 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 Local Government Division Trust Fund and Health Care Trust Fund (HCTF) were \$486,000 and \$20,000, respectively.
- Actual employer contributions to the DPS Division are reduced by an amount equal to the principal payments plus interest necessary each year to finance the pension certificates of participation (PCOPs) issued in 1997 and 2008 and refinanced thereafter.

2. Changes since the December 31, 2022 actuarial valuation:

- As of the December 31, 2023, measurement date, the FNP and related disclosure components for the Local Government Division reflect payments related to the disaffiliation of Tri-County Health as a PERA-affiliated employer, effective December 31, 2022. As of the December 31, 2023, year-end, PERA recognized two additions for accounting and financial reporting purposes: a \$24,000,000 payment received on December 4, 2023 and a \$2,000,000 receivable. The employer disaffiliation payment and receivable allocations to the Local Government Division Trust Fund and HCTF were \$24,967,000 and \$1,033,000, respectively.
- Senate Bill (SB) 23-056, enacted and effective June 2, 2023, intended to recompense PERA for the remaining portion of the \$225,000,000 direct distribution originally scheduled for receipt July 1, 2020, suspended due to the enactment of House Bill (HB) 20-1379, but not fully repaid through the provisions within HB 22-1029. Pursuant to SB 23-056, the State Treasurer issued a warrant consisting of the balance of the PERA Payment Cash Fund, created in C.R.S. § 24-51-416, plus \$10,000,000 from the General Fund, totaling \$14,561,000.
- SB 23-163, enacted and effective June 6, 2023, states beginning July 1, 2023, a wildlife officer and a parks and recreation officer employed by the Division of Parks and Wildlife in the Department of Natural Resources, is classified as a "State Trooper" for the purpose of determining their service retirement eligibility.
- As of the December 31, 2023, measurement date, the total pension liability (TPL) recognizes the change in the default method applied for granting service accruals for certain members, from a "12-pay" method to a "non-12-pay" method. The default service accrual method for positions with an employment pattern of at least eight months but fewer than 12 months (including, but not limited to positions in the School and DPS Divisions) receive a higher ratio of service credit for each month worked, up to a maximum of 12 months of service credit per year.
- Actual employer contributions to the DPS Division are reduced by an amount equal to the principal payments plus interest necessary each year to finance the PCOPs issued in 1997 and 2008 and refinanced thereafter.

GARFIELD COUNTY SCHOOL DISTRICT NO. 16
Notes to Required Supplementary Information (continued)
June 30, 2025

I. Notes to Required Supplementary Information – PERA (continued)

A. Significant Changes in Plan Provisions Affecting Trends in Actuarial Information (continued)

3. Changes since the December 31, 2021 actuarial valuation:

- HB 22-1029, effective upon enactment in 2022, required the State Treasurer to issue, in addition to the regularly scheduled \$225,000,000 direct distribution, a warrant to PERA in the amount of \$380,000,000 with reductions to future direct distributions. The July 1, 2023, direct distribution will be reduced by \$190,000,000 to \$35,000,000. The July 1, 2024, direct distribution will not be reduced from \$225,000,000 due to a negative investment return in 2022.
- The TPL for the Local Government Division, as of the December 31, 2022, measurement date, was adjusted to reflect the disaffiliation, as allowable under C.R.S. § 24-51-313, of Tri-County Health, effective December 31, 2022. As of the close of the 2022 fiscal year, no disaffiliation payment associated with Tri-County Health was received, and therefore no disaffiliation dollars were reflected in the FNP as of the December 31, 2022, measurement date.
- Actual employer contributions to the DPS Division are reduced by an amount equal to the principal payments plus interest necessary each year to finance the PCOPs issued in 1997 and 2008 and refinanced thereafter.

4. Changes since the December 31, 2020 actuarial valuation:

- The following changes reflect the anticipated adjustments resulting from the 2020 automatic adjustment provision (AAP) assessment, statutorily recognized July 1, 2021, and effective July 1, 2022:
 - Member contribution rates increase by 0.50%.
 - Employer contribution rates increase by 0.50%.
 - Annual increase (AI) cap is lowered from 1.25% per year to 1.00% per year.
- Actual employer contributions to the DPS Division are reduced by an amount equal to the principal payments plus interest necessary each year to finance the PCOPs issued in 1997 and 2008 and refinanced thereafter.

5. Changes since the December 31, 2019 actuarial valuation:

- HB 20-1379, enacted on June 29, 2020, suspended the \$225,000 direct distribution payable on July 1, 2020 for the State's 2020-21 fiscal year.
- HB 20-1394, enacted on June 29, 2020, requires 5.0% of the Judicial Division base employer contributions rate to be paid by the members of the Judicial Division for the State's 2020-21 and 2021-22 fiscal years. This does not apply to the employer or member contribution rates for judges employed by the Denver County Court.
- SB 18-200 and SB 20-057, enacted in 2018 and 2020, respectively expanded the definition of "State Trooper" under Colorado law as follows: ▪ Beginning July 1, 2020, new or existing employees of the Division of Fire Prevention and Control in the Department of Public Safety classified as firefighter I through firefighter VII;
- New members hired on or after January 1, 2020, as a county sheriff, undersheriff, deputy sheriff, noncertified deputy sheriff, or detention officer by a Local Government Division employer; and
- New members hired on or after January 1, 2020, as a corrections officer classified as I through IV by a State Division employer.
- Actual employer contributions to the DPS Division are reduced by an amount equal to the principal payments plus interest necessary each year to finance the PCOPs issued in 1997 and 2008 and refinanced thereafter.

GARFIELD COUNTY SCHOOL DISTRICT NO. 16
Notes to Required Supplementary Information (continued)
June 30, 2025

I. Notes to Required Supplementary Information – PERA (continued)

A. Significant Changes in Plan Provisions Affecting Trends in Actuarial Information (continued)

6. Changes since the December 31, 2018 actuarial valuation:

- SB 18-200 was enacted on June 4, 2018, which included the adoption of the AAP. The following changes reflect the anticipated adjustments resulting from the 2018 AAP assessment, statutorily recognized July 1, 2019, and effective July 1, 2020:
 - Member contribution rates increase by 0.50%.
 - Employer contribution rates increase by 0.50%.
 - AI cap is lowered from 1.50% per year to 1.25% per year.
- HB 19-1217, enacted May 20, 2019, repealed the member contribution increases scheduled for the Local Government Division pursuant to SB 18-200.
- Actual employer contributions to the DPS Division are reduced by an amount equal to the principal payments plus interest necessary each year to finance the PCOPs issued in 1997 and 2008 and refinanced thereafter.

7. Changes since the December 31, 2017 actuarial valuation:

- The following changes were made to the plan provisions as part of SB 18-200:
 - Member contribution rates increase by 0.75% effective July 1, 2019, an additional 0.75% effective July 1, 2020, and an additional 0.50% effective July 1, 2021.
 - Employer contribution rates increase by 0.25% effective July 1, 2019 for State, School, Judicial, and DPS Divisions.
 - An annual direct distribution of \$225,000,000 from the State of Colorado, recognized as a nonemployer contributing entity, is distributed between the State, School, Judicial, and DPS Divisions proportionally based on payroll.
 - AI cap is lowered from 2.00% per year to 1.50% per year. ▪ Initial AI waiting period is extended from one year after retirement to three years after retirement.
 - AI payments are suspended for 2018 and 2019.
 - The number of years used in the highest average salary calculation for non-vested members as of January 1, 2020, increases from three to five years for the State, School, Local Government, and DPS Divisions and increases from one to three years for the Judicial Division.
- Actual employer contributions to the DPS Division are reduced by an amount equal to the principal payments plus interest necessary each year to finance the PCOPs issued in 1997 and 2008 and refinanced thereafter.

8. Changes since the December 31, 2016 actuarial valuation:

- The Cunningham Fire Protection District (CFPD) disaffiliated from the Local Government Division on December 2, 2017. For the purpose of the December 31, 2017, measurement date, liabilities were determined assuming no additional benefit accruals for the disaffiliated membership of the CFPD that had not refunded their PERA member contribution accounts. The total disaffiliation payment of \$1,159,000 was allocated to the Local Government Division Trust Fund and the HCTF in the amount of \$1,063,000 and \$96,000, respectively.

GARFIELD COUNTY SCHOOL DISTRICT NO. 16
Notes to Required Supplementary Information (continued)
June 30, 2025

I. Notes to Required Supplementary Information – PERA (continued)

A. Significant Changes in Plan Provisions Affecting Trends in Actuarial Information (continued)

8. Changes since the December 31, 2016 actuarial valuation (continued):

- Pursuant to HB 17-1265, the amortization equalization disbursement (AED) and supplemental amortization equalization disbursement (SAED) contribution rates are adjusted for employers in the Judicial Division as follows:
 - For the calendar year beginning in 2019, C.R.S. § 24-51-411(4.5) increased the AED payment to 3.40% of PERA-includable salary and requires the AED payment to increase by 0.40% at the start of each of the following four calendar years through 2023 at which time the AED payment will be 5.00% of PERA-includable salary.
 - For the calendar year beginning in 2019, C.R.S. § 24-51-411(7.5) increased the SAED payment to 3.40% of PERA-includable salary and requires the SAED payment to increase by 0.40% at the start of each of the following four calendar years through 2023 at which time the SAED payment will be 5.00% of PERA-includable salary.
- Actual employer contributions to the DPS Division are reduced by an amount equal to the principal payments plus interest necessary each year to finance the PCOPs issued in 1997 and 2008 and refinanced thereafter.

9. Changes since the December 31, 2015 actuarial valuation:

- Actual employer contributions to the DPS Division are reduced by an amount equal to the principal payments plus interest necessary each year to finance the PCOPs issued in 1997 and 2008 and refinanced thereafter.

10. Changes since the December 31, 2014 actuarial valuation:

- Actual employer contributions to the DPS Division are reduced by an amount equal to the principal payments plus interest necessary each year to finance the PCOPs issued in 1997 and 2008 and refinanced thereafter.
- As required under C.R.S. § 24-51-401(1.7)(e), PERA calculated and provided to the Colorado General Assembly an adjustment to the DPS Division's employer contribution rate to assure the equalization of the School Division's and the DPS Division's ratios of unfunded actuarial accrued liability to payroll as of December 31, 2039. Subsequently, the Colorado General Assembly passed HB 15-1391, reducing the employer contribution rate of the DPS Division from 13.75% to 10.15%, effective January 1, 2015.

B. Changes to assumptions or other inputs

1. Changes since the December 31, 2023 actuarial valuation:

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

GARFIELD COUNTY SCHOOL DISTRICT NO. 16
Notes to Required Supplementary Information (continued)
June 30, 2025

I. Notes to Required Supplementary Information – PERA (continued)

B. Changes to assumptions or other inputs (continued)

2. Changes since the December 31, 2022 actuarial valuation:

- There were no changes made to the actuarial methods or assumptions.

3. Changes since the December 31, 2021 actuarial valuation:

- There were no changes made to the actuarial methods or assumptions.

4. Changes since the December 31, 2020 actuarial valuation:

- There were no changes made to the actuarial methods or assumptions.

5. Changes since the December 31, 2019 actuarial valuation:

- The assumption used to value the AI cap benefit provision was changed from 1.25% to 1.00%.

6. Changes since the December 31, 2018 actuarial valuation:

- The price inflation assumption was lowered from 2.4 percent to 2.30 percent.
- The wage inflation assumption was lowered from 3.5 percent to 3.00 percent.
- The real rate of investment return assumption was increased to 4.95 percent per year, net of investment expenses from 4.85 percent per year, net of investment expenses.
- Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.
- The pre-retirement mortality assumption for the School and DPS Divisions was changed to the PubT-2010 Employee Table with generational projection using scale MP-2019.
- The post-retirement non-disabled mortality assumption for the School and DPS Divisions was changed to the PubT-2010 Healthy Retiree Table, adjusted as follow:
 - Males: 112 percent of the rates prior to age 80 and 94 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.
 - Females: 83 percent of the rates prior to age 80 and 106 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.
- The post-retirement non-disabled beneficiary mortality assumption for the Division Trust Funds was changed to the Pub-2019 Contingent Survivor Table, adjusted as follows:
 - Males: 97 percent of the rates for all ages, with generational projection using scale MP-2019.
 - Females: 105 percent of the rates for all ages, with generational projection using scale MP-2019.
- The disabled mortality assumption for the Division Trust Funds (Members other than State Troopers) was changed to the PubNS-2010 Disabled Retiree Table using 99 percent of the rates for all ages with generational projection using scale MP-2019.
- The mortality tables described above are generational mortality tables on a head-count weighted basis.

7. Changes since the December 31, 2017 actuarial valuation:

- The assumption used to value the AI cap benefit provision was changed from 1.50 percent to 1.25 percent.

GARFIELD COUNTY SCHOOL DISTRICT NO. 16
Notes to Required Supplementary Information (continued)
June 30, 2025

I. Notes to Required Supplementary Information – PERA (continued)

B. Changes to assumptions or other inputs (continued)

8. Changes since the December 31, 2016 actuarial valuation:

- The single equivalent interest rate (“SEIR”) was increased from 4.78 percent to 7.25 percent to reflect the changes to the projection’s valuation basis, which no longer resulted in a projected year of depletion of the FNP, thereby eliminating the need to apply the municipal bond index rate.

9. Changes since the December 31, 2015 actuarial valuation:

- The SEIR was lowered from 5.26% to 4.78% to reflect the changes to the projection’s valuation basis, a projected year of depletion of the FNP, and the resulting application of the municipal bond index rate.
- The municipal bond index rate used in the determination of the SEIR changed from 3.86% on the prior measurement date to 3.43% on the measurement date.

10. Changes Since the December 31, 2014 Actuarial Valuation:

- The investment return assumption was lowered from 7.5% to 7.25%
- The wage inflation assumption was lowered from 3.90% to 3.50%
- The post-retirement mortality assumption for healthy lives for the School and Denver Public School (“DPS”) Divisions was changed to the RP-2014 White Collar Healthy Annuitant Mortality Table with adjustments for credibility and gender adjustments of a 93% factor applied to ages below 80 and a 113% factor applied to age 80 and above, projected to 2018, or males, and a 68% factor applied to ages below 80 and a 106% factor applied to age 80 and above, projected to 2020, for females.
- For disabled retirees, the mortality assumption was changed to reflect 90% of RP-2014 Disabled Retiree Mortality Table.
- The mortality assumption for active members was changed to RP-2014 White Collar Employee Mortality Table, a table specifically developed for actively working people. To allow for an appropriate margin of improved mortality prospectively, the mortality rates incorporate a 70% factor applied to male rates and a 55% factor applied to female rates.
- The rates of retirement, withdrawal, and disability were revised to reflect more closely actual experience.
- The estimated administrative expense as a percentage of covered payroll was increased from 0.35% to 0.40%.
- The SEIR for the School Division Trust Fund was lowered from 7.50% to 5.26% to reflect the changes to the projection’s valuation basis, a projected year of depletion of the FNP, and the resulting application of the municipal bond index rate.

II. Notes to Required Supplementary Information – OPEB

A. Significant Changes in Plan Provisions Affecting Trends in Actuarial Information

1. Changes since the December 31, 2023 actuarial valuation:

- As of the December 31, 2024, measurement date, the fiduciary net position (FNP) and related disclosure components for the Health Care Trust Fund (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 \$20,000 and \$486,000, respectively.

GARFIELD COUNTY SCHOOL DISTRICT NO. 16
Notes to Required Supplementary Information (continued)
June 30, 2025

II. Notes to Required Supplementary Information – OPEB (continued)

A. Significant Changes in Plan Provisions Affecting Trends in Actuarial Information (continued)

2. Changes since the December 31, 2022 actuarial valuation:

- As of the December 31, 2023, measurement date, the FNP and related disclosure components for the HCTF reflect payments related to the disaffiliation of Tri-County Health as a PERA-affiliated employer, effective December 31, 2022. As of the December 31, 2023, year-end, PERA recognized two additions for accounting and financial reporting purposes: a \$24,000,000 payment received on December 4, 2023 and a \$2,000,000 receivable. The employer disaffiliation payment and receivable allocations to the HCTF and Local Government Division Trust Fund were \$1,033,000 and \$24,967,000, respectively.

3. Changes since the December 31, 2021 actuarial valuation:

- The total OPEB liability for the HCTF, as of the December 31, 2022, measurement date, was adjusted to reflect the disaffiliation, allowable under C.R.S. § 24-51-313, of Tri-County Health, effective December 31, 2022. As of the close of the 2022 fiscal year, no disaffiliation payment associated with Tri-County Health was received, and therefore no disaffiliation dollars were reflected in the FNP as of the December 31, 2022, measurement date.

4. Changes since the December 31, 2020 actuarial valuation:

- There were no change made to the plan provisions.

5. Changes since the December 31, 2019 actuarial valuation:

- There were no change made to the plan provisions.

6. Changes since the December 31, 2018 actuarial valuation:

- There were no change made to the plan provisions.

7. Changes since the December 31, 2017 actuarial valuation:

- There were no change made to the plan provisions.

8. Changes since the December 31, 2016 actuarial valuation:

- The Cunningham Fire Protection District (CFPD) disaffiliated from the Local Government Division, thereby ending participation in the HCTF on December 2, 2017. For the purpose of disclosure as of the December 31, 2017, measurement date, liabilities were determined assuming no additional service accruals impacting possible future premium subsidies for the disaffiliated membership of the CFPD that had not refunded their PERA member contribution accounts. The total disaffiliation payment of \$1,159,000 was allocated to the Local Government Division Trust Fund and the HCTF in the amount of \$1,063,000 and \$96,000, respectively.

GARFIELD COUNTY SCHOOL DISTRICT NO. 16
Notes to Required Supplementary Information (continued)
June 30, 2025

II. Notes to Required Supplementary Information – OPEB (continued)

B. Changes to assumptions or other inputs

1. Changes since the December 31, 2023 actuarial valuation:

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

2. Changes since the December 31, 2022 actuarial valuation:

- There were no change made to the actuarial methods or assumptions.

3. Changes since the December 31, 2021 actuarial valuation:

- The timing of the retirement decrement was adjusted to middle-of-year.

4. Changes since the December 31, 2020 actuarial valuation:

- There were no change made to the actuarial methods or assumption

5. Changes since the December 31, 2019 actuarial valuation:

- Changes since the December 31, 2019 to the HCTF actuarial valuation are the same as the changes to the SCHDTF noted in Note I.B.5. above.

6. Changes since the December 31, 2018 actuarial valuation:

- There were no change made to the actuarial methods or assumptions.

7. Changes since the December 31, 2017 actuarial valuation:

- There were no change made to the actuarial methods or assumptions.

8. Changes since the December 31, 2016 actuarial valuation:

- There were no change made to the actuarial methods or assumptions.

Garfield County School District No. 16

Supplementary Information



GARFIELD COUNTY SCHOOL DISTRICT NO. 16
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (GAAP Basis)
Debt Service Fund
Bond Redemption Fund
For the Year Ended June 30, 2025
(With Comparative Actual Amounts for 2024)

	2025			2024
	Original Budget	Final Budget	Actual Amounts	Final Budget Variance Positive (Negative) Actual Amounts
REVENUES				
Local sources:				
Property taxes levied for debt service	5,408,597	5,458,597	5,405,287	(53,310)
Investment income	10,000	25,000	13,622	(11,378)
Total Local sources	5,418,597	5,483,597	5,418,909	(64,688)
Total Revenues	5,418,597	5,483,597	5,418,909	(64,688)
EXPENDITURES				
Debt service:				
Principal	4,565,000	4,565,000	4,565,000	-
Interest and fiscal charges	824,525	824,525	817,026	7,499
Total Expenditures	5,389,525	5,389,525	5,382,026	7,499
NET CHANGE IN FUND BALANCE	29,072	94,072	36,883	(57,189)
FUND BALANCE - BEGINNING OF YEAR	9,705,490	9,719,483	9,719,483	-
FUND BALANCE - END OF YEAR	9,734,562	9,813,555	9,756,366	(57,189)

GARFIELD COUNTY SCHOOL DISTRICT NO. 16
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (GAAP Basis)
Capital Projects Fund
Capital Reserve Fund
For the Year Ended June 30, 2025
(With Comparative Actual Amounts for 2024)

	2025				2024
	Original Budget	Final Budget	Actual Amounts	Final Budget Variance Positive (Negative)	Actual Amounts
REVENUES					
State sources	4,134,034	4,134,034	271	(4,133,763)	1,174,539
Total Revenues	4,134,034	4,134,034	271	(4,133,763)	1,174,539
EXPENDITURES					
General administration	-	-	3,750	(3,750)	-
Support services	-	-	-	-	7,397
Custodial and maintenance	300,000	555,000	41,369	513,631	20,399
Capital outlay:					
Buildings and improvements	-	-	19,867	(19,867)	60,324
Equipment	230,000	75,000	214,730	(139,730)	116,355
Major renovations	8,268,070	8,268,070	2,095,901	6,172,169	1,848,615
Vehicles	50,000	50,000	112,989	(62,989)	44,238
Other	-	-	38,548	(38,548)	45,094
Total Expenditures	8,848,070	8,948,070	2,527,154	6,420,916	2,142,422
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(4,714,036)	(4,814,036)	(2,526,883)	2,287,153	(967,883)
OTHER FINANCING SOURCES (USES)					
Transfers in (out)	500,000	1,000,000	1,000,000	-	625,000
Total Other Financing Sources (Uses)	500,000	1,000,000	1,000,000	-	625,000
NET CHANGE IN FUND BALANCE	(4,214,036)	(3,814,036)	(1,526,883)	2,287,153	(342,883)
FUND BALANCE - BEGINNING OF YEAR	4,899,016	6,341,580	6,341,580	-	6,684,463
FUND BALANCE - END OF YEAR	684,980	2,527,544	4,814,697	2,287,153	6,341,580

GARFIELD COUNTY SCHOOL DISTRICT NO. 16
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2025

	Special Revenue Funds			Total Non-Major Governmental Funds
	Food Service Fund	Pupil Activity Fund	Royalty Fund	
ASSETS				
Accounts receivable, net:				
Intergovernmental	119,871	-	-	119,871
Leases	-	-	588,310	588,310
Due from other funds	62,368	225,982	637,648	925,998
Inventories	21,081	-	-	21,081
Total Assets	203,320	225,982	1,225,958	1,655,260
LIABILITIES				
Accounts payable and accrued expenses	-	56	-	56
Total Liabilities	-	56	-	56
DEFERRED INFLOWS OF RESOURCES:				
Lease revenue	-	-	562,053	562,053
Total Deferred Inflows of Resources	-	-	562,053	562,053
FUND BALANCES				
Non-spendable				
Inventories	21,081	-	-	21,081
Committed:				
Food service	182,239	-	-	182,239
Student activities	-	225,926	-	225,926
Capital projects	-	-	663,905	663,905
Total Fund Balances	203,320	225,926	663,905	1,093,151
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	203,320	225,982	1,225,958	1,655,260

GARFIELD COUNTY SCHOOL DISTRICT NO. 16
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
For the Year Ended June 30, 2025

	Special Revenue Funds			Total Non-Major Governmental Funds
	Food Service Fund	Pupil Activity Fund	Royalty Fund	
REVENUES				
Local sources:				
Investment income	-	-	8,659	8,659
Student activities	-	203,767	-	203,767
Other revenue	9,161	-	88,792	97,953
Total Local sources	9,161	203,767	97,451	310,379
Federal sources	801,919	-	-	801,919
Intermediate sources	-	-	-	-
State sources	244,604	-	-	244,604
Total Revenues	1,055,684	203,767	97,451	1,356,902
EXPENDITURES				
Food service	1,129,286	-	-	1,129,286
Student activities	-	191,252	-	191,252
Total Expenditures	1,129,286	191,252	-	1,320,538
NET CHANGE IN FUND BALANCE	(73,602)	12,515	97,451	36,364
FUND BALANCES - BEGINNING OF YEAR	276,922	213,411	-	490,333
Change within financial reporting entity (major to nonmajor fund)	-	-	566,454	566,454
FUND BALANCES - BEGINNING OF YEAR, AS ADJUSTED	276,922	213,411	566,454	1,056,787
FUND BALANCES - END OF YEAR	203,320	225,926	663,905	1,093,151

GARFIELD COUNTY SCHOOL DISTRICT NO. 16
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (GAAP Basis)
Special Revenue Fund
Food Service Fund
For the Year Ended June 30, 2025
(With Comparative Actual Amounts for 2024)

	2025				2024
	Original Budget	Final Budget	Actual Amounts	Final Budget Variance Positive (Negative)	Actual Amounts
REVENUES					
Local sources:					
Food and ala carte sales	14,800	5,460	9,161	3,701	5,286
Other	600	-	-	-	-
Total Local sources	15,400	5,460	9,161	3,701	5,286
Federal sources	670,000	645,800	801,919	156,119	621,583
State sources	208,400	267,000	244,604	(22,396)	256,431
Total Revenues	893,800	918,260	1,055,684	137,424	883,300
EXPENDITURES					
Food service	949,771	1,006,963	1,129,285	(122,322)	942,022
Capital outlay	4,000	5,000	-	5,000	4,246
Total Expenditures	953,771	1,011,963	1,129,285	(117,322)	946,268
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(59,971)	(93,703)	(73,601)	20,102	(62,968)
OTHER FINANCING SOURCES (USES)					
Transfers in (out)	-	-	-	-	135,000
Total Other Financing Sources (Uses)	-	-	-	-	135,000
NET CHANGE IN FUND BALANCE	(59,971)	(93,703)	(73,601)	20,102	72,032
FUND BALANCE - BEGINNING OF YEAR	243,893	276,921	276,921	-	204,889
FUND BALANCE - END OF YEAR	183,922	183,218	203,320	20,102	276,921

GARFIELD COUNTY SCHOOL DISTRICT NO. 16
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (GAAP Basis)
Special Revenue Fund
Pupil Activity Fund
For the Year Ended June 30, 2025
(With Comparative Actual Amounts for 2024)

	2025				2024
	Original Budget	Final Budget	Actual Amounts	Final Budget Variance Positive (Negative)	Actual Amounts
REVENUES					
Local sources:					
Student activities	275,000	275,000	203,767	(71,233)	241,314
Total Revenues	275,000	275,000	203,767	(71,233)	241,314
EXPENDITURES					
Student activities	275,000	275,000	191,252	83,748	222,796
Total Expenditures	275,000	275,000	191,252	83,748	222,796
NET CHANGE IN FUND BALANCE	-	-	12,515	12,515	18,518
FUND BALANCE - BEGINNING OF YEAR	250,000	213,411	213,411	-	194,893
FUND BALANCE - END OF YEAR	250,000	213,411	225,926	12,515	213,411

GARFIELD COUNTY SCHOOL DISTRICT NO. 16
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (GAAP Basis)
Special Revenue Fund
Royalty Fund
For the Year Ended June 30, 2025
(With Comparative Actual Amounts for 2024)

	2025				2024
	Original Budget	Final Budget	Actual Amounts	Final Budget Variance Positive (Negative)	Actual Amounts
REVENUES					
Local sources:					
Royalties	100,000	54,884	38,185	(16,699)	39,131
Investment income	1,500	15,000	8,659	(6,341)	14,177
Other revenues	24,000	50,116	50,607	491	171,349
Total Revenues	125,500	120,000	97,451	(22,549)	224,657
EXPENDITURES					
Capital outlay	-	25,116	-	25,116	184,983
Contingency	150,000	150,000	-	150,000	-
Total Expenditures	150,000	175,116	-	175,116	184,983
NET CHANGE IN FUND BALANCE	(24,500)	(55,116)	97,451	152,567	39,674
FUND BALANCE - BEGINNING OF YEAR	726,140	726,140	566,454	(159,686)	526,780
FUND BALANCE - END OF YEAR	701,640	671,024	663,905	(7,119)	566,454



Colorado Department of Education

Auditors Integrity Report

District: 1220 - Garfield 16

Fiscal Year 2024-25

Colorado School District/BOCES

Revenues, Expenditures, & Fund Balance by Fund

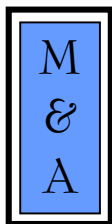
Fund Type &Number		Beg Fund Balance & Prior Per Adj (6880*)	1000 - 5999 Total Revenues & Other Sources	0001-0999 Total Expenditures & Other Uses	6700-6799 & Prior Per Adj (6880*) Ending Fund Balance
Governmental		+		-	=
10	General Fund	10,617,428	19,341,860	19,251,921	10,707,367
18	Risk Mgmt Sub-Fund of General Fund	0	0	0	0
19	Colorado Preschool Program Fund	0	0	0	0
Sub- Total		10,617,428	19,341,860	19,251,921	10,707,367
11	Charter School Fund	0	0	0	0
20,26-29	Special Revenue Fund	566,454	97,451	0	663,905
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	276,922	1,055,684	1,129,286	203,320
22	Govt Designated-Purpose Grants Fund	0	2,057,991	2,057,991	0
23	Pupil Activity Special Revenue Fund	213,411	203,767	191,252	225,926
25	Transportation Fund	0	0	0	0
31	Bond Redemption Fund	9,719,483	5,418,909	5,382,026	9,756,366
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	6,341,580	1,000,271	2,527,154	4,814,697
46	Supplemental Cap Const, Tech, Main Fund	0	0	0	0
Totals		27,735,278	29,175,933	30,539,630	26,371,581
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

Garfield County School District No. 16

Single Audit Reports and Schedules





McMAHAN AND ASSOCIATES, L.L.C.

Certified Public Accountants and Consultants

WEB SITE: WWW.McMAHANCPA.COM

MAIN OFFICE: (970) 845-8800

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

**To the Board of Education
Garfield County School District No. 16
Parachute, Colorado**

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Garfield County School District No. 16 (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 and have issued our report thereon dated February 25, 2026.

Internal Control Over Financial Reporting

In planning and performing our audit on the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2025-001 that we consider to be a significant deficiency.

Member: American Institute of Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT
To the Board of Education
Garfield County School District No. 16
Parachute, Colorado

Compliance and Other Matters

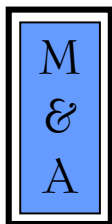
As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect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

Purpose of this Report

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

McMahan and Associates, L.L.C.

McMahan and Associates, L.L.C.
Avon, Colorado
February 25, 2026



McMAHAN AND ASSOCIATES, L.L.C.

Certified Public Accountants and Consultants

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MAIN OFFICE: (970) 845-8800

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

**To the Board of Education
Garfield County School District No. 16
Parachute, Colorado**

Opinion on Each Major Federal Program

We have audited Garfield County School District No. 16's (the "District") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2025. The District's major federal programs are identified in the *Summary of Auditor's Results* section of the accompanying Schedule of Findings and Questioned Costs.

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2025-001. Our opinion on each major federal program is not modified with respect to these matters.

The District's response to the noncompliance findings identified in our audit is described in the accompanying corrective action plan. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Basis for Opinion on Each Major Federal Program

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

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

Member: American Institute of Certified Public Accountants

**INDEPENDENT AUDITOR'S REPORT
To the Board of Education
Garfield County School District No. 16**

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

**INDEPENDENT AUDITOR'S REPORT
To the Board of Education
Garfield County School District No. 16**

Report on Internal Control Over Compliance (continued)

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

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

McMahan and Associates, L.L.C.

**McMahan and Associates, L.L.C.
Avon, Colorado
February 25, 2026**

Garfield County School District No. 16
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2025

Part I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weakness identified	None noted
Significant deficiency identified	None noted
Noncompliance material to financial statements noted	None noted

Federal Awards:

Internal control over major programs:	
Material weakness identified	None noted
Significant deficiency identified	Yes
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Title 2 U.S. Code of Federal Regulations Part 200	None noted
Major programs:	ALN:
Child Nutrition Cluster	10.553, 10.555, 10.559
Dollar threshold used to identify Type A from Type B programs	\$750,000
Identified as low-risk auditee	Yes

Part II – Findings Related to Financial Statements

Findings related to financial statements as required by <i>Government Auditing Standards</i>	None noted
Auditor-assigned reference number	Not applicable

Part III – Findings Related to Federal Awards

Internal control findings	Yes
Compliance findings	Yes
Questioned costs	Yes
Auditor-assigned reference number	2025-001

**Garfield County School District No. 16
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2025**

Part III – Federal Award Findings and Questioned Costs

**2025-001 U.S. Department of Agriculture (“USDA”)
Passed through Colorado Department of Education
National School Lunch Program (Child Nutrition Cluster) / ALN 10.555**

Compliance Requirement: Reporting
Significant Deficiency in Internal Control over Compliance and Other Non-Compliance

Criteria: Federal regulations require that recipients of federal awards maintain adequate records to support amounts claimed for reimbursement. Under 2 CFR 200.403 and 2 CFR 200.302, costs must be adequately documented and supported, and financial management systems must provide accurate, current, and complete disclosure of the financial results of each federally funded program. Additionally, USDA program guidance requires entities to retain documentation supporting daily meal counts and reimbursement claims.

Condition: During testing of National School Lunch Program reimbursements, the District was unable to provide adequate supporting documentation for a sample of meal reimbursement claims relating to sack lunches/field meals during the District's football season. As a result, we were unable to verify that the reimbursement amounts claimed were fully supported and allowable under program requirements.

Questioned Costs: Estimated questioned costs for which there is projected to be no support for totals \$53,772, which is an extrapolation of the \$6,140 that did not have support in the \$48,798 we tested for a sample month, multiplied by the total National School Lunch Program expenditures of \$427,357 in 2025.

Context: A non-statistical sample of 1 month of reimbursements from the fiscal year were selected for testing.

Effect: Because sufficient documentation was not available, the allowability and accuracy of certain National School Lunch Program reimbursements could not be fully substantiated. This resulted in questioned costs related to unsupported reimbursements.

Cause: The District did not have a formalized process to ensure that all required supporting documentation for meal counts and reimbursement calculations was retained and centrally maintained. In addition, staff turnover and reliance on manual processes contributed to missing or incomplete records.

Identification as a repeat finding: Not applicable.

Recommendation: We recommend that the Entity strengthen internal controls over the National School Lunch Program by implementing formal procedures to ensure that daily meal counts, edit checks, and reimbursement calculations are properly documented, reviewed, and retained in accordance with federal requirements. Management should also ensure that reimbursement claims are reconciled to supporting records prior to submission.

Views of Responsible Officials and Planned Corrective Action: The District agrees with the finding. See separate corrective action plan at page for planned corrective action.



**CORRECTIVE ACTION PLAN
For the Year Ended June 30, 2025**

Reference Number	Finding and Corrective Action Plan
-----------------------------	---

Garfield County School District No. 16 respectfully submits the following corrective action plan for the year ended June 30, 2025.

Finding 2025-001	Reporting Significant Deficiency in Internal Control over Compliance and Other Non-Compliance
-------------------------	--

Corrective Action: The District agrees with the finding related to insufficient supporting documentation for the National School Lunch Program reimbursement claims, as it related to sack lunches/field meals.

Personnel Responsible for Corrective Action: Jody Williams, Food Service Director

Anticipated Completion Date: The District has corrected this issue as of the date of this report, and now requires formal written requests for all sack lunches/field meals, to ensure counts are properly documented.

Garfield County School District No. 16
SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2025

There were no findings for the fiscal year ending June 30, 2024.

Garfield County School District No. 16
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2025

Program Title	Federal Assistance Listing	Grant Project Code	Expenditures	
U.S Department of Education:				
Passed through Colorado Department of Education:				
Title I - ESEA	84.010	4010	\$ 269,342	
Title II A - Teacher Quality	84.367	4367	60,359	
Title III Part A - English Language Acquisition	84.365A	4365	37,628	
 Title IV-A: Student Support and Academic Enrichment Grants	84.424A	4424	13,687	
Stronger Connections Grant Program (SCG)	84.424F	4451	110,190	
<i>Subtotal - Student Support and Academic Enrichment Program</i>			<u>123,877</u>	
 COVID-19 - ESSER III 90% - LEA Allocation	84.425U	4414	142,197	
Total - U.S. Department of Education			<u><u>633,403</u></u>	
U.S Department of Health and Human Services:				
Passed through Colorado Department of Human Services:				
Child Care Assistance Block Grant (Child Care Stabilization)	93.575	7575	3,212	C
Total - U.S. Department of Health and Human Services			<u><u>3,212</u></u>	
U.S Department of Agriculture:				
Healthy Meals Incentive Grant	10.579	8579	27,383	
Passed through Colorado Department of Education:				
School Breakfast Program	10.553	4553	289,480	A
Summer Food Service Program for Children	10.559	4559	17,133	A
National School Lunch Program	10.555	4555	427,357	A
Passed through Colorado Department of Human Services:				
Food Distribution, Commodities	10.555	4555	67,949	A
<i>Subtotal - National School Lunch Program</i>			<u>495,306</u>	
Passed through Garfield County Colorado:				
Schools and Roads - Grants to States	10.665	7665	31,493	B
Total - U.S Department of Agriculture			<u><u>860,795</u></u>	
			<u><u>\$ 1,497,410</u></u>	
Total Expenditures				
Additional Information for Clusters:				
A Child Nutrition Cluster	\$ 801,919			
B Forest Service Schools and Roads Cluster	31,493			
C CCDF Cluster	3,212			

Notes to the Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2025

Note 1. Basis of Presentation:

The Schedule of Expenditures of Federal Awards includes the federal grant activity of Garfield School District No. 16 and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in, the preparation of the general purpose financial statements

Note 2. Determining the Value of Non-cash Awards Expended:

Food Commodities: Fair market value of commodities at the time recipient receives award or the assessed value provided by the federal agency.

Note 3. Indirect Facilities and Administration Costs

The District has elected to use the 10% de minimis cost rate allowed in Title 2 U.S. Code of Federal Regulations (CFR) Part 200.414, Indirect (F&A) costs.

Note 4. Sub recipients:

The District had no sub-recipients as of June 30, 2025.