

Lake County School District

Financial Report

June 30, 2025



Lake County School District
Learning Beyond Walls

**Lake County School District
Financial Report
June 30, 2025**

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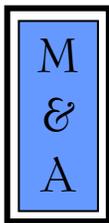
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INDEPENDENT AUDITOR'S REPORT

**To the Board of Education
Lake County School District
Leadville, Colorado**

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Lake County School District (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 REPORT
To the Board of Education
Lake County School District
Leadville, 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, Schedule of District Pension Contributions, Schedule of District's Proportionate Share of the Other Post-Employment Benefits Liabilities, Schedule of District's Other Post-Employment Benefit Contributions, and the Notes to the Required Supplemental 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 REPORT
To the Board of Education
Lake County School District
Leadville, 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, the Colorado Department of Education Auditor's Electronic Data Integrity Check Figures, Schedule of Capital Assets Used in the Operation of Governmental Funds, 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, the Colorado Department of Education Auditor's Electronic Data Integrity Check Figures, Schedule of Capital Assets Used in the Operation of Governmental Funds, and the Schedule of Expenditures of Federal Awards 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, the combining fund financial statements, individual budgetary schedules, the Colorado Department of Education Auditor's Electronic Data Integrity Check Figures, and the Schedule of Expenditures of Federal Awards 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 December 5, 2025 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with provisions of laws, regulations, contract, 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 *Governmental Auditing Standards* in considering the District's internal control over financial reporting and on compliance.


McMahan and Associates, L.L.C.
Avon, Colorado
December 5, 2025

Management's Discussion and Analysis



Lake County School District Management's Discussion and Analysis

As management of Lake County School District (the "District"), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2025.

Financial Highlights

- ❖ The assets of the District exceeded its liabilities at the close of the most recent fiscal year by \$32,472,802. Of this amount, \$4,267,339 is restricted in its use to meet the District's ongoing obligations to students and creditors.
- ❖ The District's total net position increased by \$1,523,966 largely due to decreases in the District's pension and Other Post-Employment Benefits ("OPEB") obligations, offset by changes in the District's related unamortized deferred inflows and outflows of resources.
- ❖ As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$8,465,411, an increase of \$1,306,182 in comparison with the prior year.
- ❖ At the end of the current fiscal year, unassigned fund balance for the general fund was \$2,055,360. It is available for spending at the District's discretion, however, it is primarily used for cash flow purposes. The District uses this balance to pay for operating expenditures in case related revenues are not readily available. At June 30, 2025 the District had unrestricted general fund equal to 29% of the fund's expenditures. This will require the District to participate in the state loan program to provide cash flow for ongoing operating in fiscal year 1899.
- ❖ The District's general obligation debt decreased to a balance of \$16,492,491. As of June 30, 2025, the district has two outstanding general obligation bonds from 2012 and 2019.

Overview of the Financial Statements

This discussion and analysis is 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. This report also contains other supplementary information in addition to the basic 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 Statement of Net Position presents information on all the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The Statement of Activities presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to 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 governmental activities of the District include direct instruction, indirect instruction, transportation, custodial and maintenance, support services, general administration, community service, food service, and student activities

The government-wide financial statements can be found in Section C of this report.

Overview of the Financial Statements (continued)

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 District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds: Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on 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. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenue, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains 10 individual governmental funds. Information is presented in the governmental funds balance sheets and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, Designated-Purpose Grant Fund, and Bond Redemption Fund, which are considered to be major funds. Data from the other 7 governmental funds are combined into a single aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements in the combining and individual fund statements and schedules section of this report.

The District adopts an annual appropriated budget for all of its funds. A budgetary comparison statement have been provided for all governmental funds to demonstrate compliance with these budgets.

The basic major governmental fund financial statements can be found in Section C.

Proprietary Funds: The District maintains one type of proprietary fund. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the District's various functions. The District uses an internal service fund to account for its employee health and dental benefits through the District's health insurance plan. Because this service predominately benefits governmental rather than business-type functions, it has been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for each of the business-type services provided by the Town, which is considered to be a major fund of the Town.

The basic proprietary fund financial statements can be found in Section C of this report.

Notes to the Financial Statements: The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found in Section D of this report.

Government-wide Financial Analysis

As noted earlier, net position over time may serve as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$32,472,802, at the close of the most recent fiscal year.

Lake County School District's Net Position

	Governmental Activities	
	2025	2024
Assets:		
Current and other assets	\$ 10,057,821	\$ 8,801,458
Capital assets	60,753,762	62,342,105
Total Assets	<u>70,811,583</u>	<u>71,143,563</u>
Deferred Outflows of Resources	<u>5,110,186</u>	<u>8,399,867</u>
Liabilities:		
Other liabilities	1,335,840	2,635,927
Long-term liabilities	37,985,526	44,356,367
Total Liabilities	<u>39,321,366</u>	<u>46,992,294</u>
Deferred Inflows of Resources	<u>4,127,601</u>	<u>1,602,300</u>
Net Position:		
Net investment in capital assets	44,261,271	44,680,161
Restricted	4,267,339	4,061,244
Unrestricted	(16,055,808)	(17,792,569)
Total Net Position	<u>\$ 32,472,802</u>	<u>\$ 30,948,836</u>

Long-term liabilities, which consist of general obligation bonds, incentive retirement bonus liabilities, and the net pension and OPEB liabilities decreased \$6,370,841 from the previous year. This was primarily attributed due to a net decrease in the net pension and OPEB liabilities of \$6,437,403, offset by bond principal payments of \$1,169,453. Changes in the District's net pension and OPEB liabilities, and related deferred inflows and outflows of resources are attributed to changes in the actuarial study.

By far, the largest portion of the District's net position, \$44,261,271, reflects its net investment in capital assets (e.g. land, buildings, equipment), net of accumulated depreciation and less any related outstanding debt that was used to acquire those assets. The District's net investment in capital assets accounted for 136% of its total net position. Accordingly, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Of the remaining (\$11,788,469) in net position, \$567,024 is restricted for TABOR reserve, \$0 is restricted for the Colorado Preschool Program, \$353,050 is restricted for the BEST Capital Renewal Reserve, and \$3,347,265 is restricted for debt service, and (\$16,055,808) is unrestricted.

The District's June 30, 2025 unrestricted net position (\$16,055,808) is a result of reporting the net pension and OPEB obligation of \$21,344,574. This net liability is the District's proportionate share of the School Division Trust Fund pension and other post-employment benefits liability, administered by the Public Employees' Retirement Association of Colorado. This was determined by an actuarial valuation as of December 31, 1899.

Government-wide Financial Analysis (continued):

Lake County School District's Changes in Net Position

	Governmental Activities	
	2025	2024
Revenues:		
Program revenues:		
Charges for services	\$ 478,118	\$ 564,779
Operating grants and contributions	6,158,795	6,898,494
Capital grants and contributions	8,000	43,738
General revenues:		
Property taxes	13,464,769	12,055,435
Specific ownership taxes	483,296	522,872
State equalization	1,334,597	492,393
Unrestricted grants and contributions	4,963	166,119
Investment earnings	207,267	223,914
Total Revenues	22,139,805	20,967,744
Expenses:		
Direct instruction	11,381,297	12,345,979
Indirect instruction	1,840,303	2,732,316
Transportation	684,779	621,603
Custodial maintenance	1,825,784	1,946,864
Support services	809,350	825,750
General and school administration	1,674,970	1,658,084
Community service	793,700	1,048,215
Food service	928,008	1,085,941
Student activities	173,420	186,659
Interest on long-term debt	504,228	538,648
Total Expenses	20,615,839	22,990,059
Change in net position	1,523,966	(2,022,315)
Net position- July 1	30,948,836	32,971,151
Net position - June 30	\$ 32,472,802	\$ 30,948,836

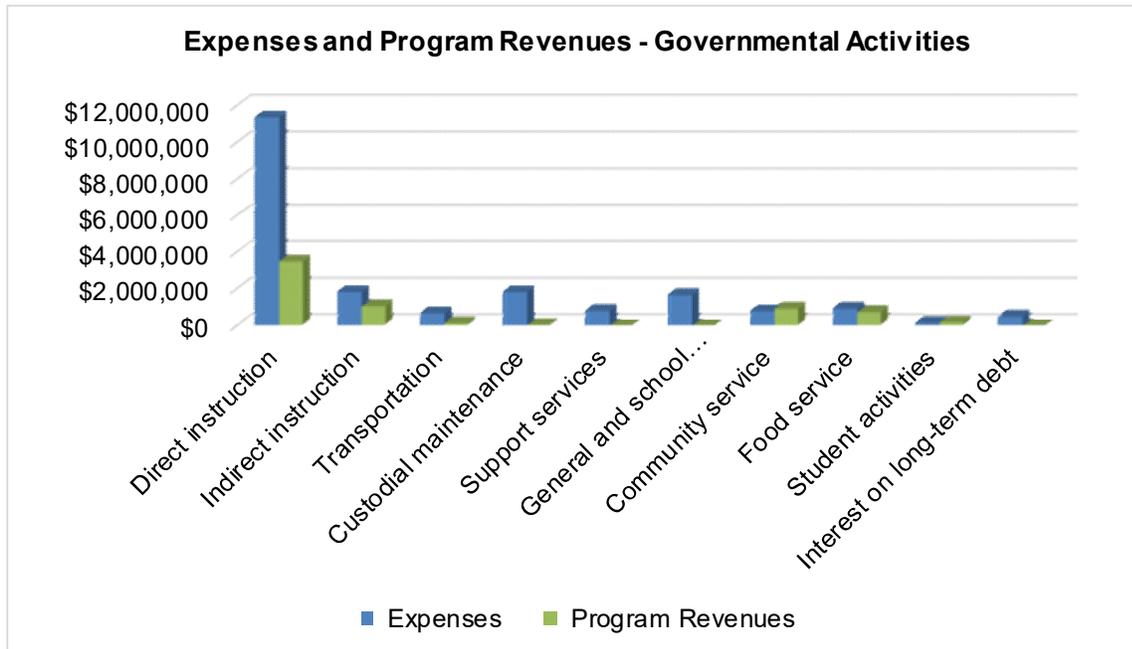
During 2025, net position for governmental activities increased \$1,523,966 from 1899 for an ending balance of \$32,472,802. The increase in net position was mostly due to the District's pension and OPEB expense (credit) of \$1,297,986 and \$55,346, respectively. The District's Board of Education has no control over the net pension and OPEB obligations which are determined by the state legislature.

Revenue increases in Property Taxes are largely attributable to the new Mill Levy Override passed in Nov 2024. The increase in State Equalization is due to relatively flat Net Assessed Value, leading to flat property taxes, which required additional state share to meet the higher formula funding level.

Expenses decreased \$2,374,220 during the current year.

Government-wide Financial Analysis (continued):

As shown in the chart below, revenues generated by the District's programs are not sufficient to cover the costs. The District relies on property taxes, specific ownership taxes, State Equalization funding, investment income, and other general revenues to cover the costs associated with the various programs.



Financial Analysis of Governmental Funds

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 fund balance may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the District itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the District's Board of Education.

At June 30, 2025, the District's governmental funds reported combined fund balances of \$8,465,411, an increase of \$1,306,182 from . Of this amount, \$2,765,273, or 33%, constitutes unassigned fund balance is available for spending at the District's discretion. The remainder of the fund balance is either non-spendable, restricted, committed, or assigned to indicate that it is (1) not in spendable form, \$20,270 (2) not spendable because it is legally required to be maintained intact, \$3,838,289, (3) restricted for particular purposes, \$353,050; (4) committed for particular purposes, \$205,927; or (5) assigned for particular purposes, \$1,282,602.

Analysis of Individual Funds:

The General Fund is the chief operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$2,055,360, while total fund balance increased to \$3,614,207. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures, including transfers out to other funds. Unassigned fund balance represents 19% of the total General Fund expenditures, while total fund balance represents 24% of that same amount.

Financial Analysis of Governmental Funds (continued)

Analysis of Individual Funds (continued):

The Bond Redemption Fund, a major fund, had an increase of \$93,291 in fund balance during the current year, to bring the year end fund balance to \$3,347,265. The Bond Redemption Fund paid \$1,169,453 of debt service principal and \$507,175 of debt service interest on outstanding general obligation bonds during the year.

Proprietary Funds: The District's proprietary funds provide the same type of information found in the business-type activities portion of the government-wide financial statements, but in more detail.

The District's proprietary fund ending net position at June 30, 2025 was \$50,002, which is an increase from the deficit of \$87,533 reported at June 30, 1899.

General Fund Budgetary Highlights

One of the most important variances to discuss is budgeted vs. actual revenues and expenditures in the General Fund. Actual revenues were favorable to the final budget by \$55,450. Actual expenditures, excluding the budgeted contingency, were \$589,250 favorable than budgeted. This was due to the District deferring spending in the second half of fiscal year 2025. Changes at the Federal level increased the risk of funding and enrollment volatility, so the District consciously deferred capital renewal projects in order to increase reserves. In addition, savings from understaffing (positions budgeted, but unhired) were not invested for the same reason.

Capital Assets and Debt Administration

The District's capital assets, net of accumulated depreciation, totaled \$60,753,762 as of June 30, 2025. The District capitalizes assets, including land, buildings and improvements, equipment, and construction in progress, with an original cost greater than \$5,000 and useful life of more than two years.

Additional information as well as a detailed classification of the District's net capital assets can be found in Section D of this report.

Long-Term Debt: As of the end of the current fiscal year, the District's long-term liabilities totaled \$37,985,526, representing a net decrease of \$7,644,671. 84% of the decrease is due to the District's change in the proportionate share of the PERA net pension and OPEB liabilities. The remaining decrease is due to principal payments made on the general obligation bonds and payouts on the District's incentive retirement bonus liability.

Additional information, as well as a detailed classification of the District's total long-term liabilities, can be found in in Section D of this report.

Economic Factors and Next Year's Budgets and Rates

The Public School Finance Act of 1994 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 account cost of living, number of students, district size, personnel vs. non-personnel costs, number of at-risk students, amongst other factors. The purpose of this act was to establish a financial base of support for public education, to move towards a uniform mill levy tax state-wide for all districts, and to limit future growth of and reliance upon property tax to support public education.

Economic Factors and Next Year's Budgets and Rates (continued)

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
School District Finance Act is also significantly affected by Amendment 23, which was approved by the voters in November 2000. This state constitutional amendment requires that statewide base per pupil funding and state categorical program funding increase by inflation plus one percent for ten years beginning with the fiscal year ended June 30, 2002. After that ten-year window has expired, the state must increase funding at the rate of inflation. This funding calculation attempts to align Colorado districts to inflation-adjusted funding levels of 1988.

Next Year's Budget and Rates: The District's General Fund balance at the end of fiscal year 2025 totaled \$3,614,207. The fiscal year 1899 budget anticipates spending down a portion of the fund balance. In FY25, the District allocated \$299K of the Mill Levy Override funds to a retention bonus. This bonus reserve is included in the FY25 surplus, since the funds were received in FY25, but will not be spent until FY26. Therefore, the District anticipates a one-time charge in FY26 for this expense. The budget is fiscally balanced.

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 provided in this report or requests for additional financial information should be addressed to the Lake County School District, Chief Financial Officer, 328 West 5th Street, Leadville, Colorado 80461.

Basic Financial Statements



Lake County School District
Statement of Net Position
June 30, 2025

	Governmental Activities
Assets:	
Cash and investments	\$ 8,793,953
Accounts receivable	7,597
Taxes receivable	681,327
Intergovernmental	554,674
Prepaid items	15,000
Inventory	5,270
Capital assets, not being depreciated	426,995
Capital assets, net of accumulated depreciation	60,326,767
Total Assets	70,811,583
Deferred Outflows of Resources:	
Pension related	5,009,069
OPEB related	101,117
Total Deferred Outflows of Resources	5,110,186
Liabilities:	
Accounts payable and accrued expenses	217,782
Accrued salaries and benefits	813,522
Accrued interest	39,318
Unearned revenue	265,218
Long-term liabilities:	
Due within one year:	
Bonds payable	1,204,291
Retirement obligation	79,071
Due in more than one year:	
Bonds payable	15,288,200
Retirement obligation	69,390
Net pension liability	20,972,463
Net OPEB liability	372,111
Total Liabilities	39,321,366
Deferred Inflows of Resources:	
Pension related	3,817,365
OPEB related	310,236
Total Deferred Inflows of Resources	4,127,601
Net Position:	
Net investment in capital assets	44,261,271
Restricted for:	
TABOR	567,024
Debt service	3,347,265
BEST Capital Renewal Reserve	353,050
Unrestricted	(16,055,808)
Total Net Position	\$ 32,472,802

The accompanying notes are an integral part of this statement.

Lake County School District
Statement of Activities
For the Year Ended June 30, 2025

Functions/Programs	Program Revenues			Net (Expense)	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position
				Governmental Activities	
Governmental Activities:					
Direct instruction	\$ 11,381,297	\$ 136,104	\$ 3,361,542	\$ 8,000	\$ (7,875,651)
Indirect instruction	1,840,303	-	1,060,000	-	(780,303)
Transportation	684,779	-	156,969	-	(527,810)
Custodial and maintenance	1,825,784	-	35,421	-	(1,790,363)
Support services	809,350	-	2,976	-	(806,374)
General administration	1,674,970	-	2,000	-	(1,672,970)
Community service	793,700	108,958	823,610	-	138,868
Food service	928,008	25,835	716,277	-	(185,896)
Student activities	173,420	207,221	-	-	33,801
Interest	504,228	-	-	-	(504,228)
Total governmental activities	\$ 20,615,839	\$ 478,118	\$ 6,158,795	\$ 8,000	(13,970,926)
General revenues:					
Property taxes levied for general purposes					\$ 11,828,638
Property taxes levied for debt service					1,636,131
Specific ownership taxes					483,296
State equalization					1,334,597
Grants and contributions not restricted to specific programs					4,963
Interest and investment earnings					207,267
Total general revenues					15,494,892
Change in Net Position					1,523,966
Net Position - Beginning of Year					30,948,836
Net Position - End of Year					\$ 32,472,802

The accompanying notes are an integral part of this statement.

**Lake County School District
Balance Sheet
Governmental Funds
June 30, 2025**

	<u>General Fund</u>	<u>Designated- Purpose Grant Fund</u>	<u>Bond Redemption Fund</u>	<u>Non-major Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:					
Cash and investments	\$ 4,961,362	\$ 96,315	\$ 3,300,977	\$ 423,684	\$ 8,782,338
Taxes receivable	597,517	-	83,810	-	681,327
Intergovernmental	144,206	238,402	-	172,066	554,674
Due from other funds	-	-	-	1,077,406	1,077,406
Prepaid items	-	-	-	15,000	15,000
Inventories	-	-	-	5,270	5,270
Total Assets	<u>\$ 5,703,085</u>	<u>\$ 334,717</u>	<u>\$ 3,384,787</u>	<u>\$ 1,693,426</u>	<u>\$ 11,116,015</u>
Liabilities:					
Accounts payable and accrued expenses	\$ 61,785	\$ 2,360	\$ -	\$ 53,311	\$ 117,456
Accrued salaries and benefits	667,506	81,705	-	64,311	813,522
Due to other funds	945,990	154,443	-	61,365	1,161,798
Unearned revenue	158,509	96,209	-	10,500	265,218
Total Liabilities	<u>1,833,790</u>	<u>334,717</u>	<u>-</u>	<u>189,487</u>	<u>2,357,994</u>
Deferred Inflows of Resources:					
Unavailable property taxes	255,088	-	37,522	-	292,610
Fund Balances:					
Non-spendable:					
Inventories	-	-	-	5,270	5,270
Prepays	-	-	-	15,000	15,000
Restricted for:					
Debt service	-	-	3,347,265	-	3,347,265
TABOR Reserve	491,024	-	-	-	491,024
BEST Capital Renewal Reserve	-	-	-	353,050	353,050
Committed for:					
Capital projects	-	-	-	205,927	205,927
Assigned for:					
Operating reserve	357,910	-	-	-	357,910
Nutritional service	-	-	-	49,298	49,298
Student activities	-	-	-	414,392	414,392
Childcare	-	-	-	461,002	461,002
Unassigned	2,765,273	-	-	-	2,765,273
Total Fund Balances	<u>3,614,207</u>	<u>-</u>	<u>3,347,265</u>	<u>1,503,939</u>	<u>8,465,411</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 5,703,085</u>	<u>\$ 334,717</u>	<u>\$ 3,384,787</u>	<u>\$ 1,693,426</u>	<u>\$ 11,116,015</u>

The accompanying notes are an integral part of this statement.

Lake County School District
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2025

Governmental Funds Total Fund Balance	\$ 8,465,411
Capital assets used in governmental activities are not considered current financial resources and, therefore, not reported in the governmental funds.	84,053,128
Accumulated depreciation is not recognized in the governmental funds because capital assets are expensed at the time of acquisition.	(23,299,366)
Property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures, and therefore are reported as deferred inflows.	292,604
An internal service fund is used by the District's management to charge the cost of employee health and dental benefits to the individual funds. The assets and liabilities of the internal service fund are included with governmental activities.	50,002
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. This is the amount of bonded debt payable.	(16,492,491)
Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds. Interest is recorded as an expenditure in the funds when it is due, while interest is recorded when incurred in the Statement of Activities. This is interest payable for the year.	(39,318)
Long-term liabilities, including early retirement, are not due and payable in the current period and therefore are not reported in the funds.	
Early Out retirement obligation	(148,461)
Long-term payable to Colorado Department of Education for transportation adjustment	(46,718)
Long-term liabilities, including net pension and OPEB obligations, are not due and payable in the current period and therefore are not reported in the funds. This is the amount of the District's net pension and OPEB liability, adjusted for changes in pension and OPEB related actuarial assumptions, proportion of collective pension and OPEB amounts, differences between actual and expected experience and investments earnings, and differences between actual and annualized contributions to the pension and OPEB plan, that are amortized over the average remaining service life of all active and inactive plan participants.	(20,361,989)
Governmental Activities Net Position	\$ 32,472,802

Lake County School District
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2025

	<u>General Fund</u>	<u>Grant Fund</u>	<u>Bond Redemption Fund</u>	<u>Non-major Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:					
Local sources:					
General property taxes	\$ 12,039,395	\$ -	\$ 1,636,131	\$ -	\$ 13,675,526
Specific ownership taxes	483,296	-	-	-	483,296
Investment income	73,479	-	133,788	-	207,267
Charges for services	-	-	-	316,179	316,179
Other revenue	257,325	89,853	-	125,108	472,286
Intermediate sources	18,207	-	-	4,963	23,170
State sources	2,620,563	728,265	-	165,632	3,514,460
Federal sources	451,568	1,611,597	-	1,349,848	3,413,013
Total Revenues	<u>15,943,833</u>	<u>2,429,715</u>	<u>1,769,919</u>	<u>1,961,730</u>	<u>22,105,197</u>
Expenditures:					
Direct instruction	8,305,261	1,355,317	-	5,172	9,665,750
Indirect instruction	761,748	1,046,492	-	12,526	1,820,766
Transportation	550,386	14,930	-	26,918	592,234
Custodial and maintenance	1,804,799	-	-	35,421	1,840,220
Support services	768,986	2,976	-	-	771,962
General administration	1,501,714	2,000	-	180,642	1,684,356
Community service	-	-	-	758,346	758,346
Student activities	-	-	-	173,419	173,419
Food service operations	10,315	-	-	912,949	923,264
Debt service:					
Principal	-	-	1,169,453	-	1,169,453
Interest	-	-	507,175	-	507,175
Capital outlay	10,427	8,000	-	340,485	358,912
Total Expenditures	<u>13,713,636</u>	<u>2,429,715</u>	<u>1,676,628</u>	<u>2,445,878</u>	<u>20,265,857</u>
Excess (Deficiency) of Revenues over Expenditures	<u>2,230,197</u>	<u>-</u>	<u>93,291</u>	<u>(484,148)</u>	<u>1,839,340</u>
Other Financing Sources (Uses):					
Transfers in	-	-	-	592,412	592,412
Transfers (out)	(1,125,570)	-	-	-	(1,125,570)
Total Other Financing Sources (Uses)	<u>(1,125,570)</u>	<u>-</u>	<u>-</u>	<u>592,412</u>	<u>(533,158)</u>
Net Change in Fund Balance	1,104,627	-	93,291	108,264	1,306,182
Fund Balances - Beginning of Year	<u>2,509,580</u>	<u>-</u>	<u>3,253,974</u>	<u>1,395,675</u>	<u>7,159,229</u>
Fund Balances - End of Year	<u>\$ 3,614,207</u>	<u>\$ -</u>	<u>\$ 3,347,265</u>	<u>\$ 1,503,939</u>	<u>\$ 8,465,411</u>

The accompanying notes are an integral part of this statement.

Lake County School District
Reconciliation of Revenues, Expenditures and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2025

Governmental Funds Changes in Fund Balances	\$ 1,306,182
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 outlay reported as an expenditure in the governmental funds functions.	323,047
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 and amortization expense. This is the amount of depreciation and amortization expense for the year.	(1,911,390)
Unavailable property tax revenue does not provide a current financial resource and is a deferred inflow on the governmental fund financial statements; not recognized on the government-wide financial statements. This is the unavailable property tax revenue not on the Statement of Activities	(210,757)
An internal service fund is used by the District's management to charge the costs of employee health and dental benefits to the individual funds. The assets and liabilities of the internal service fund are included within governmental activities on the Statement of Net Position.	137,535
Retirement of bond principal is an expenditure in the governmental funds, but repayment reduces long-term liabilities in the Statement of Net Position. This is the amount of principal repayments.	1,169,453
Interest on long-term debt in the Statement of Activities differed from the amount reported in the governmental funds. Interest is recorded as an expenditure in the funds when it is due, while interest is recorded when incurred in the Statement of Activities. This is the change in accrued interest payable during the year.	2,941
Changes in the District's net pension and OPEB obligation 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 District's net pension and OPEB obligation during the year, including differences between employer contributions to the pension and OPEB plan and amortization of pension and OPEB-related deferrals.	622,421
The early retirement obligation reported in the Statement of Net Position does not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. This is the change in the early retirement obligation during the year.	37,815
The payable to the Colorado Department of Transportation relating to pupil counts, reported in the Statement of Net Position does not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. This is the change in the payable during the year.	46,719
Governmental Activities Change in Net Position	\$ 1,523,966

**Lake County School District
Statement of Net Position
Proprietary Funds
June 30, 2025**

	<u>Governmental Activities Internal Service Fund</u>
Assets:	
Cash and cash equivalents	\$ 11,615
Accounts receivable	7,597
Due from other funds	<u>84,392</u>
Total Assets	<u><u>\$ 103,604</u></u>
Liabilities:	
Accounts payable and accrued expenses	<u>\$ 53,602</u>
Total Liabilities	<u>53,602</u>
Net Position:	
Restricted for TABOR	76,000
Unrestricted	<u>(25,998)</u>
Total Net Position	<u><u>\$ 50,002</u></u>

The accompanying notes are an integral part of this statement.

Lake County School District
Statement of Revenues, Expenses, and Changes in Fund Net
Position
Proprietary Fund
For the Year Ended June 30, 2025

	Governmental Activities
	Internal Service Fund
Operating Revenues:	
Insurance premiums	\$ 1,738,312
Stop loss reimbursements	199,457
Total Operating Revenues	1,937,769
Operating Expenses:	
Premiums paid	2,333,392
Total Operating Expenses	2,333,392
Income (Loss) Before Transfers	(395,623)
Transfers in	533,158
Change in Net Position	137,535
Net Position (Deficit) - Beginning of Year	(87,533)
Net Position - End of Year	\$ 50,002

The accompanying notes are an integral part of this statement.

**Lake County School District
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2025**

	Governmental Activities - Internal Service Fund
Cash Flows From Operating Activities:	
Cash received for insurance premiums	\$ 1,738,312
Cash received for stop loss payments	255,998
Cash paid for insurance claims and premiums	<u>(2,522,368)</u>
Net Cash Provided (Used) by Operating Activities	<u>(528,058)</u>
Cash Flows From Non-Capital Financing Activities:	
Transfers (to) from other funds	<u>533,158</u>
Net Cash Provided (Used) by Non-Capital Financing Activities	<u>533,158</u>
Net Change in Cash and Cash Equivalents	5,100
Cash and Cash Equivalents - Beginning of Year	6,515
Cash and Cash Equivalents - End of Year	<u>\$ 11,615</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating Income (Loss)	<u>\$ (395,623)</u>
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
(Increase) decrease in accounts receivable	56,541
Increase (decrease) in accounts payable	<u>(188,976)</u>
Total Adjustments	<u>(132,435)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (528,058)</u>

The accompanying notes are an integral part of this statement.

Notes to the Financial Statements



**Lake County School District
Notes to the Financial Statements
June 30, 2025**

I. Summary of Significant Accounting Policies

Lake County School District (the “District”) was formed to provide educational services to the students in Lake County, Colorado. It operates under a locally elected Board of Education with five members. The District’s mission statement is “*Lake County School District challenges students to reach their fullest potential through personal, engaged and rigorous learning in the classroom and beyond.*” The District operates the following schools:

<u>Elementary School</u>	<u>Middle School</u>	<u>High Schools</u>
Lake County Elementary	Lake County Intermediate	Lake County High School Cloud City 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. Financial Reporting Entity

The reporting entity consists of (a) the primary government, i.e., the District; and (b) organizations for which the District is 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 other organizations that are fiscally dependent, i.e., unable to adopt a budget, levy tax, or issue debt without approval by the District. 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 are also included with the reporting entity. Based upon the above criteria, the District is not financially accountable for any other organization.

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 (reporting the District as a whole) and fund financial statements (reporting the District’s major funds). Government-wide financial statements report information on all the activities of the District. Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions.

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, investment earnings, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants.

Lake County School District
Notes to the Financial Statements
June 30, 2025
(Continued)

I. Summary of Significant Accounting Policies (continued)

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

Program revenues must be directly associated with the governmental function. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

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 operations.

The financial transactions of the District are reported in individual fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise assets, liabilities, fund equity, revenues, and expenditures/expenses.

The fund focus is on current available resources and budget compliance.

C. Fund Financial Statements

The District reports the following major governmental funds:

The *General Fund* is the District's primary operating fund. It accounts for all financial resources of the District, except those accounted for in another fund. 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 *Designated-Purpose 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 the accumulation of resources for and the payment of principal, interest, and related expenses on long-term general obligation debt or long-term voter-approved financed (lease)-purchase debt.

Additionally, the District reports the following fund types:

An Internal Service Fund accounts for benefits or goods or services undertaken by the District to primarily support the District and/or its employees. The District's only internal service fund is the *Health Insurance Fund*, which services the District's self-funded health insurance plan.

Lake County School District
Notes to the Financial Statements
June 30, 2025
(Continued)

I. Summary of Significant Accounting Policies (continued)

D. 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

The governmental activities in the government-wide financial statements and the proprietary 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 flow.

2. Current Financial Focus and Modified Accrual Basis

The 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. "Available" means collectible within the current period or soon enough thereafter (120 days) to be used to pay liabilities of the current period. Expenditures are generally recognized when the related liability is incurred.

The exception to this general rule is that principal and interest on general long-term debt and compensated absences are recorded only when payment is due.

Property taxes, charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditure-driven grants are recognized as revenue when qualified expenditures have been incurred and all other grant requirements have been met. All other revenue items are considered to be measurable and available only when cash is received by the District.

3. Financial Statement Presentation

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include 1) fees, fines, and charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Lake County School District
Notes to the Financial Statements
June 30, 2025
(Continued)

I. Summary of Significant Accounting Policies (continued)

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

3. Financial Statement Presentation (continued)

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's enterprise funds are charges related to providing insurance to eligible District employees. Operating expenses for proprietary funds include the cost of claims and premiums. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

E. Financial Statement Accounts

1. Cash, Cash Equivalents, and Investments

For the purpose of the statement of cash flows, the District defines cash and cash equivalents as amounts in demand deposits as well as short-term, highly liquid investments with original maturities of three months or less.

Cash equivalents are both readily convertible to cash and are so near their maturity they present insignificant risk of change in value due to interest rate changes.

The District is required to comply with State statutes which specify investment instruments meeting defined rating, maturity, custodial and concertation risk criteria in which local governments may invest, which include (with applicable minimum NRSRO credit rating restrictions):

- Obligations of the United States and certain U.S. agency securities
- General obligation and revenue bonds of U.S. local government entities (AA)
- Bankers' acceptance of certain banks (AA)
- Commercial paper and corporate bonds (A-1)
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds (AAAm)
- Certificates of deposit – non-negotiable
- Local government investment pools (AAAm)

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

It is the intention of the investment pool to maximize interest income, and securities are selected according to their risk, marketability, and diversification. Income earned or losses arising from investment of pooled cash balances are recorded in the General Fund.

Lake County School District
Notes to the Financial Statements
June 30, 2025
(Continued)

I. Summary of Significant Accounting Policies (continued)

E. Financial Statement Accounts (continued)

2. Receivables

All property tax and other receivables are shown 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.

Property taxes are levied in December and attach as a lien on property the following January 1. They are payable in full by April 30, or in two equal installments due February 28 and June 15. Property taxes previously levied and collected in the following year are reported as a receivable at June 30, net of an estimated uncollectible portion. The portion of the property taxes receivable and transportation revenues receivable not collected within 60 days after June 30 is recorded as deferred inflow of resources, since such tax collections are not available to pay liabilities of the fiscal year ended June 30.

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e. the current portion of interfund loans) or "advances to/from other funds" (i.e. the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balance outstanding between governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

Grants are recorded as receivables and revenues at the time reimbursable project costs are incurred.

3. Inventories

Inventories are valued at cost using the first-in, first-out 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. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

**Lake County School District
Notes to the Financial Statements
June 30, 2025
(Continued)**

I. Summary of Significant Accounting Policies (continued)

E. Financial Statement Accounts (continued)

4. Capital Assets

Capital assets, which include land, buildings improvements, vehicles, and equipment, 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 one year. 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 acquisition value.

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. Costs related to the construction of assets including engineering, legal, surveying, and landscaping that were incurred from the beginning of construction until the assets were substantially complete are capitalized.

Capital assets (excluding land and construction in progress) of the primary government and its component unit are depreciated using the straight-line method over estimated useful lives of the underlying assets, as shown below.

	<u>Estimated lives</u>
Buildings and improvements	50 years
Vehicles	8 years
Equipment	5 - 15 years
Buses	15 years

5. Compensated Absences

A. Paid Time Off

The District allows its employees to accumulate paid time off ("PTO"), based on the employee's years of service. The District does not pay out accrued accumulated leave at the time of termination. An employee that has 9 or more days remaining of current PTO can be paid out for up to 4 days of remaining days at the base substitute rate, which is currently \$18/hr. American Federation of State, County and Municipal Employees ("AFSCME") District employees are paid out at their regular wage rates.

Remaining PTO is rolled to accrued PTO at the end of each fiscal year.

The District estimates how much of the leave is more than likely not to be used as paid leave and recognizes that portion as a liability for compensated absences, if applicable.

Lake County School District
Notes to the Financial Statements
June 30, 2025
(Continued)

I. Summary of Significant Accounting Policies (continued)

E. Financial Statement Accounts (continued)

5. Compensated Absences (continued)

B. Incentive Retirement Bonus

Employees with a minimum of twenty years of assignments in the District, the last ten of which must have been uninterrupted service, are eligible for an incentive retirement bonus equal to one year's annual salary, based on the employee's final contract with the District. The bonus is paid over sixty equal monthly installments, without interest, commencing in September following the date of retirement. A long-term liability is reported in the government-wide financial statements for the benefits approved by the Board of Education and earned and accepted by the employees.

6. Accrued Salaries

Salaries and benefits to teachers and certain other employees are paid over a 12-month period but are earned over a school year of approximately nine months. The salaries earned but unpaid at June 30 are reflected in the financial statements as an accrued liability.

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 two items, pension, and other post-employment benefits ("OPEB") related deferred outflows, which qualify for reporting under this category on the Statement of Net Position.

Deferred inflows of resources represent an acquisition of net assets that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The District has three items that qualify for reporting in this category. Unavailable revenue from property taxes, reported in the governmental balance sheet, are deferred and recognized as an inflow from resources in the period that the amounts become available. The other two items are the collective deferred inflows related to the District's net pension and OPEB obligations are reported on the Statement of Net Position and are amortized over the average remaining service life of all active and inactive plan members.

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

8. 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.

Lake County School District
Notes to the Financial Statements
June 30, 2025
(Continued)

I. Summary of Significant Accounting Policies (continued)

E. Financial Statement Accounts (continued)

8. Long-term Debt (continued)

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.

9. Pensions

The District participates in the School Division Trust Fund ("SCHDTF"), a cost-sharing multiple-employer defined benefit pension fund 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. 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.

10. 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 Public Employees' Retirement Association of Colorado ("PERA"). The net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, information about the fiduciary net position and additions to/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.

11. 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.

Lake County School District
Notes to the Financial Statements
June 30, 2025
(Continued)

I. Summary of Significant Accounting Policies (continued)

E. Financial Statement Accounts (continued)

11. 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.

Restricted – includes amounts restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provision 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. Commitments may be modified or rescinded only through resolutions approved 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.

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.

Lake County School District
Notes to the Financial Statements
June 30, 2025
(Continued)

I. Summary of Significant Accounting Policies (continued)

E. Financial Statement Accounts (continued)

11. Fund Balance and Fund Classifications (continued)

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.

Operating Reserve: The District's Board of Education has adopted a financial policy to maintain a minimum of 2% of annual expenditures in the General Fund as an Operating Reserve.

12. 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. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances". 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".

13. State Equalization Aid

State equalization aid is revenue received from the State of Colorado computed in accordance with a funding formula as defined by State statute. The funding formula considers such factors as pupil enrollment and other revenue sources.

14. Reclassification of Prior Year Amounts

Certain prior year amounts have been reclassified in order to conform to the current year presentation. These reclassifications were made to enhance comparability and consistency of financial reporting and presentation. The reclassifications had no effect on the previously reported total net position, changes in net position, or fund balances.

Lake County School District
Notes to the Financial Statements
June 30, 2025
(Continued)

I. Summary of Significant Accounting Policies (continued)

F. 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.

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 is holding funds in US Bank in order to meet this requirements.

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.

**Lake County School District
Notes to the Financial Statements
June 30, 2025
(Continued)**

II. Stewardship, Compliance, and Accountability (continued)

B. Budgetary Information (continued)

4. The final budget was adopted prior to June 30, along with an appropriation resolution.

Supplemental appropriations for the primary government during 2025 resulted in budget amendments as follows:

Fund	Original Appropriation	Final Appropriation	Change Increase (Decrease)
General Fund	\$ 15,242,459	\$ 16,237,901	\$ 995,442
Universal Preschool Program Fund	325,000	502,486	177,486
Grant Fund	2,204,741	2,780,107	575,366
Bond Redemption Fund	5,073,171	4,973,974	(99,197)
Capital Reserve Fund	562,251	961,883	399,632
Food Service Fund	1,011,609	936,116	(75,493)
The Center Fund	477,306	200,690	(276,616)
Pupil Activity Fund	332,054	380,591	48,537
Health Insurance Fund	2,569,366	2,443,816	(125,550)

For the fiscal year 2025, the District's Building Fund exceeded appropriations, which may be a violation of state statute.

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 which 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.

Except for refinancing bonded 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. The District has reserved \$567,024 of its June 30, 2025 fund balances for this purpose. The District's management believes it is in compliance with the financial provisions of TABOR. However, the TABOR is complex and subject to interpretation. Many of its provisions, including the interpretation of how to calculate fiscal year spending limits, will require judicial interpretation.

Lake County School District
Notes to the Financial Statements
June 30, 2025
(Continued)

II. Stewardship, Compliance, and Accountability (continued)

C. TABOR Amendment (continued)

In 1996, the District's electorate approved following ballot question:

Without increasing any tax rate or imposing any new tax shall Lake County School District R-1 be authorized to collect, keep and expend all grants from state and local governments or private sources received in the year 1996 to and including 2001 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?

In 2003, the District's electorate approved following ballot question:

Shall Lake County School District R-1 be authorized to collect, keep and spend all revenues from all sources as a voter approved revenue change under article X, section 20 of the Colorado Constitution?

The District's management believes it is in compliance with the financial provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of its provisions, including the interpretation of how to calculate fiscal year spending limits, will require judicial interpretation.

D. Mill Levy Overrides

In 1993, the District's electorate approved following ballot question:

Shall the Board of Education of Lake County School District R-1 be granted authority to levy a tax for the General Fund of the District in budget year 1993-94 and for each budget year thereafter, in excess of the District's equalization program fund as established by law for the purpose of providing additional property tax revenues for education purposes in an amount not to exceed \$432,783? If the additional levy is approved, the estimated total mill levy for the General Fund of the school district for calendar year 1994 will be in an amount not to exceed 54.14 mills. If the additional levy is not approved, the estimated total mill levy for the General Fund of the school district for the calendar year 1994 will be 44.774 mills.

In 2013, the District's electorate approved following ballot question:

Shall Lake County School District R-1 be authorized to continue to impose and collect its existing mill levy override authorization of \$235,000 annually, which authorization was approved by the voters on November 4, 2003, after its current expiration of December 31, 2013 and shall the revenue produced by such mill levy override be used for educational and General Fund purposes of the District?

**Lake County School District
Notes to the Financial Statements
June 30, 2025
(Continued)**

II. Stewardship, Compliance, and Accountability (continued)

D. Mill Levy Overrides (continued)

In 2024, the District’s electorate approved the following ballot question

Shall Lake County School District No. R-1 taxes be increased up to \$1,200,000 annually commencing in collection year 2025 and in each year thereafter through December 31, 2040, and increase in any year for inflation based on the annual changes in the Denver-Boulder Consumer Price Index for general fund purposes, including but not limited to:

- attracting and retaining quality teachers and staff*
- providing funding for facilities, maintenance and capital renewal*

III. Detailed Notes on All Funds

A. Cash and Investments

The Colorado Public Deposit Protection Act (“PDPA”) requires that all units of local government deposit cash in eligible depositories. The PDPA specify eligible depositories for public cash deposits, which must be Colorado institutions and must maintain federal insurance (“FDIC”) on deposits held. Each eligible depository with deposits in excess of the insured levels must pledge a collateral pool of defined eligible assets maintained by another institution or held in trust for all of its local government depositors as a group with a market value equal to at least 102 percent of the uninsured deposits.

Fair Value of Investments

The District measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- Level 1: Quoted prices for identical investments in active markets;
- Level 2: Observable inputs other than quoted market prices; and,
- Level 3: Unobservable inputs.

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

Investments Measured at Net Asset Value	Total
Local government investment pool:	
COLOTRUST	\$ 2,357,158

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 subsequent schedule. The District coordinates its investment maturities to closely match cash flow needs.

Lake County School District
Notes to the Financial Statements
June 30, 2025
(Continued)

III. Detailed Notes on All Funds (continued)

A. Cash and Investments (continued)

Custodial 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.

Local Government Investment Pool – At June 30, 2025, the District had invested \$2,357,158 in the Colorado Government Liquid Asset Trust (“COLOTRUST”), referred to as the Trust. The Trust is an investment vehicle established by State statute for local government entities in Colorado to pool surplus funds for investment purposes, and is registered with the State Securities Commissioner. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions of each pooled investment. The majority of securities owned by the Trust are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian’s internal records identify investments owned by the Trust. The Trust investments consist of U.S. Treasury and U.S. agency securities, and repurchase agreements collateralized by U.S. Treasury and U.S. agency securities. These investments are not categorized because the underlying securities cannot be determined. Of the investments held in the Trust at June 30, 2025, the District had invested in COLOTRUST PLUS+, which operates similarly to money market funds and each share is equal in value to \$1.

At June 30, 2025, the District had an unrealized loss of \$0, which reflects changes in the fair value of its investments. The District’s cash and investments at June 30, 2025 had the following maturities

	<u>Rating</u>	<u>Carrying Amounts</u>	<u>Maturities</u>	
			<u>Less than One Year</u>	<u>Less than Five Years</u>
Deposits:				
Checking accounts	Not rated	\$ 5,894,736	\$ 5,894,736	\$ -
Investments:				
Investment pools	AAAm	2,357,158	2,357,158	-
Certificates of deposit	Not rated	6,413	6,413	-
Cash with Fiscal Agent	Not rated	535,646	535,646	-
Total		<u>\$ 8,793,953</u>	<u>\$ 8,793,953</u>	<u>\$ -</u>

Lake County School District
Notes to the Financial Statements
June 30, 2025
(Continued)

III. Detailed Notes on All Funds (continued)

B. Interfund Receivables, Payables, and Transfers

The composition of balances as of June 30, 2025 is as follows:

	<u>Due from</u>	<u>Due to</u>
General Fund	\$ 945,990	\$ -
Grant fund	154,443	-
Capital Reserve Fund	-	607,416
The Center fund	-	469,990
Head start Fund	24,385	-
Food Service Fund	36,980	-
Health Insurance Fund	-	84,392
	<u>\$ 1,161,798</u>	<u>\$ 1,161,798</u>

Interfund balances at June 30, 2025 represent allocations of resources based upon Board of Education adopted budgetary policies or as a result of interfund services provided. These remaining balances resulted from the time lag between the dates that transactions are recorded in the accounting period, and payments between funds are made.

Interfund transfers during 2025 were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General fund	\$ -	\$ (1,125,570)
Capital reserve fund	362,412	-
Food service fund	230,000	-
Health Insurance Fund	533,158	-
	<u>\$ 1,125,570</u>	<u>\$ (1,125,570)</u>

Transfers are used to 1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, 2) move unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations, and, 3) provide additional resources for current operations or debt service. All District transfers either occur on a regular basis or are consistent with the purpose of the fund making the transfer.

During the year ended June 30, 2025, the District made the following significant one-time transfers:

1. A transfer of \$533,158 from the General Fund to the Health Insurance Fund to subsidize the anticipated claims expenses that would exceed premium revenues.
2. A transfer of \$230,000 from the General Fund to the Food Service Fund for food service operations.
3. A transfer of \$362,412 from the General Fund to the Capital Reserve Fund to fund anticipated capital projects and significant repairs and maintenance.

**Lake County School District
Notes to the Financial Statements
June 30, 2025
(Continued)**

II. Detailed Notes on All Funds (continued)

C. Receivables

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>Grant Fund</u>	<u>Bond Redemption Fund</u>
Taxes	\$ 597,517	\$ -	\$ 83,810
Intergovernmental	144,206	238,402	-
Other	-	-	-
Gross Receivables	<u>741,723</u>	<u>238,402</u>	<u>83,810</u>
Less: Allowance for uncollectibles	-	-	-
Net Receivables	<u><u>\$ 741,723</u></u>	<u><u>\$ 238,402</u></u>	<u><u>\$ 83,810</u></u>

	<u>Non-major Governmental Funds</u>	<u>Internal Service Fund</u>	<u>Total</u>
Taxes	\$ -	\$ -	\$ 681,327
Intergovernmental	172,066	-	554,674
Other	-	7,597	7,597
Gross Receivables	<u>172,066</u>	<u>7,597</u>	<u>1,243,598</u>
Less: Allowance for uncollectibles	-	-	-
Net Receivables	<u><u>\$ 172,066</u></u>	<u><u>\$ 7,597</u></u>	<u><u>\$ 1,243,598</u></u>

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Lake County School District
Notes to the Financial Statements
June 30, 2025
(Continued)

III. Detailed Notes on All Funds (continued)

D. Capital Assets

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

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 426,995	\$ -	\$ -	\$ 426,995
Total capital assets not depreciated	<u>426,995</u>	<u>-</u>	<u>-</u>	<u>426,995</u>
Capital assets being depreciated:				
Building	80,543,294	66,245	-	80,609,539
Vehicles	2,071,593	145,644	-	2,217,237
Equipment	688,199	111,158	-	799,357
Total capital assets being depreciated	<u>83,303,086</u>	<u>323,047</u>	<u>-</u>	<u>83,626,133</u>
Less accumulated depreciation:				
Building	(19,443,642)	(1,738,984)	-	(21,182,626)
Vehicles	(1,485,947)	(100,107)	-	(1,586,054)
Equipment	(458,387)	(72,299)	-	(530,686)
Total accumulated depreciation	<u>(21,387,976)</u>	<u>(1,911,390)</u>	<u>-</u>	<u>(23,299,366)</u>
Governmental Activities - Capital Asset, Net	<u>\$ 62,342,105</u>	<u>\$ (1,588,343)</u>	<u>\$ -</u>	<u>\$ 60,753,762</u>

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

Governmental activities:	
Direct instruction	\$ 1,758,658
Indirect instruction	7,676
Transportation	73,360
Custodial and maintenance	17,876
Support services	49,188
General administration	2,381
Food service	2,251
Total	<u>\$ 1,911,390</u>

Lake County School District
Notes to the Financial Statements
June 30, 2025
(Continued)

III. Detailed Notes on All Funds (continued)

E. Long-term Debt

The District has the following long-term debt outstanding for governmental activities:

1. 2012 General Obligation Bonds

The District issued \$11,396,379 of General Obligation Bonds (the "Series 2012 Bonds") dated December 6, 2012. Proceeds from the 2012 Bonds were used to finance improvements to District facilities.

The interest rates on the Series 2012 Bonds is 3.005898% and is payable semi-annually on June 1 and December 1, 2013, through 2032. The Series 2012 Bonds is subject to redemption prior to maturity at the option of the District, in whole but not in part, on December 1, 2022, and on any date thereafter, at a redemption price equal to the principal amount thereof and a redemption premium of 3% of the principal amount so redeemed, plus accrued interest to the redemption date.

2. 2019 General Obligation Bonds

In 2019 the District received approval from the electorate to issue debt totaling \$13,870,450, which combined with a BEST grant, is being used to construct Lake County Elementary School. The District issued \$13,870,446 of General Obligation Bonds (the "2019 Bonds") dated December 5, 2019. The Ballot question also allows the District to levy Ad Valorem Property taxes in an amount not to exceed \$1,115,000 annually. As allowed by the ballot question, the District is reserving taxes received in excess of the principal and interest payment on the 2019 bonds to apply towards future debt payments.

The interest rates on the Series 2019 Bonds is 2.952% and is payable semi-annually on June 1 and December 1, 2020 through 2039. The Series 2019 Bonds is subject to redemption prior to maturity at the option of the District, in whole but not in part, on December 1, 2029 and on any date thereafter, at a redemption price equal to the principal amount thereof and a redemption premium of 3% of the principal amount so redeemed, plus accrued interest to the redemption date.

**Lake County School District
Notes to the Financial Statements
June 30, 2025
(Continued)**

III. Detailed Notes on All Funds (continued)

E. Long-term Debt (continued)

3. Annual Debt Service Requirements – General Obligation Bonds

Debt service requirements to maturity for general obligation bonds associated with the District's governmental activities are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 1,204,291	\$ 471,817	\$ 1,676,108
2027	1,240,168	435,406	1,675,574
2028	1,277,113	397,911	1,675,024
2029	1,315,159	359,298	1,674,457
2030	1,354,339	319,534	1,673,873
2031 - 2035	5,846,156	1,004,908	6,851,064
2036 - 2040	4,255,265	321,345	4,576,610
Totals	\$ 16,492,491	\$ 3,310,219	\$ 19,802,710

4. Changes in Long-term Liabilities

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

	<u>July 1, 2024</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2025</u>	<u>Due Within One Year</u>
Governmental activities:					
General Obligation Bonds:					
GO Bonds, Series 2012	\$ 5,963,819	\$ -	\$ (586,898)	\$ 5,376,921	\$ 604,539
GO Bonds, Series 2019	11,698,125	-	(582,555)	11,115,570	599,752
Incentive retirement bonus liability	186,276	-	(37,815)	148,461	79,071
Net pension liability	27,126,970	-	(6,154,507)	20,972,463	-
Net OPEB liability	655,007	-	(282,896)	372,111	-
Total Governmental Activities	\$ 45,630,197	\$ -	\$ (7,644,671)	\$ 37,985,526	\$ 1,283,362

The general obligation bonds are paid from the Bond Redemption Fund.

The incentive retirement bonus liability will be paid from the following funds in which employees' salaries are paid: General Fund, Designated-Purpose Grant Fund, Head Start Fund, Preschool Fund, Childcare Center Fund, and Food Service Fund.

Lake County School District
Notes to the Financial Statements
June 30, 2025
(Continued)

III. Detailed Notes on All Funds (continued)

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

Benefits provided as of December 31, 1899: PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. § 24-51-602, 604, 1713, and 1714.

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

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

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

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

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

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

**Lake County School District
Notes to the Financial Statements
June 30, 2025
(Continued)**

III. Detailed Notes on All Funds (continued)

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

Benefits provided as of December 31, 1899 (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 of, the District and the State are required to contribute to the SCHDTF at a rate set by Colorado statute. The contribution requirements for the SCHDTF are established under C.R.S. § 24-51-401, *et seq.* and § 24-51-413. Eligible employees are required to contribute 11.00% of their PERA-includable salary during the period of July 1, 1899 through June 30, 2025. Employer contribution requirements are summarized in the table below:

	July 01, 2024 through June 30, 2025
Employer contribution rate	11.40%
Amount of employer contribution apportioned to the HCTF 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).

Lake County School District
Notes to the Financial Statements
June 30, 2025
(Continued)

III. Detailed Notes on All Funds (continued)

F. 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 \$2,039,301 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, 1899, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 1899. Standard update procedures were used to roll-forward the total pension liability to December 31, 1899. The District's proportion of the net pension liability was based on the District's contributions to the SCHDTF for the calendar year 1899 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 \$20,972,463 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	\$ 20,972,463
The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the District	1,728,421

Total	\$ 22,700,884

At December 31, 1899, the District's proportion was 0.1215%, which was a decrease of 0.0319% from its proportion of 0.1534% measured as of December 31, 1899.

**Lake County School District
Notes to the Financial Statements
June 30, 2025
(Continued)**

III. Detailed Notes on All Funds (continued)

F. 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 \$1,458,071 and revenue of \$198,647 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	\$ 1,187,639	\$ -
Changes of assumptions or other inputs	157,233	-
Net difference between projected and actual earnings on pension plan investments	395,692	-
Changes in proportionate share of contributions	2,324,078	3,817,365
Contributions subsequent to the measurement date	944,427	-
Total	\$ 5,009,069	\$ 3,817,365

\$944,427, reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date of December 31, 1899, will be recognized as a reduction of the net pension liability in the year ended June 30, 1899 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	\$ 1,133,285
2027	612,454
2028	(1,216,258)
2029	(282,204)
Total	\$ 247,277

Lake County School District
Notes to the Financial Statements
June 30, 2025
(Continued)

III. Detailed Notes on All Funds (continued)

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

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

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

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

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

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

**Lake County School District
Notes to the Financial Statements
June 30, 2025
(Continued)**

III. Detailed Notes on All Funds (continued)

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

Actuarial assumptions (continued):

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

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

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

Salary scale assumptions were altered to better reflect actual experience.

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

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

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

	Mortality Table	Adjustments, As Applicable
Pre-Retirement	PubT-2010 Employee	N/A
Post-Retirement (Retiree), Non-Disabled	PubT-2010 Healthy Retiree	Males: 106% of the rates for all ages Females: 86% of the rates prior to age 85/115% of the rates 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.

**Lake County School District
Notes to the Financial Statements
June 30, 2025
(Continued)**

III. Detailed Notes on All Funds (continued)

F. 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:

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

- 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.

Lake County School District
Notes to the Financial Statements
June 30, 2025
(Continued)

III. Detailed Notes on All Funds (continued)

F. 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 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 total pension liability. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25%. There was no change in the discount rate from the prior measurement date.

**Lake County School District
Notes to the Financial Statements
June 30, 2025
(Continued)**

III. Detailed Notes on All Funds (continued)

F. 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	\$ 28,433,799	\$ 20,972,463	\$ 14,722,551

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/investments/pera-financial-reports.

G. 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 Colorado Revised Statutes (C.R.S.), as amended, and sets forth a framework that grants authority to the PERA Board to contract, self-insure, and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of the premium subsidies. Colorado State law provisions may be amended by the Colorado General Assembly. PERA issues a publicly available ACFR that can be obtained at www.copera.org/investments/pera-financial-reports.

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

Lake County School District
Notes to the Financial Statements
June 30, 2025
(Continued)

III. Detailed Notes on All Funds (continued)

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

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

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

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 percent 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.

Lake County School District
Notes to the Financial Statements
June 30, 2025
(Continued)

III. Detailed Notes on All Funds (continued)

G. 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 \$102,065 for the year ended June 30, 2025.

Liabilities: At June 30, 2025, the District reported a liability of \$372,111 for its proportionate share of net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 1899, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 1899. Standard update procedures were used to roll forward the total OPEB liability to December 31, 1899. The District proportion of the net OPEB liability was based on District contributions to the HCTF for the calendar year 1899 relative to the total contributions of participating employers to the HCTF.

At December 31, 1899, the District proportion was 0.0778%, which was a decrease of 0.0140% from its proportion of 0.0918% measured as of December 31, 1899.

**Lake County School District
Notes to the Financial Statements
June 30, 2025
(Continued)**

III. Detailed Notes on All Funds (continued)

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

Expense and Deferred Outflows of Resources and Deferred Inflows of Resources: For the year ended June 30, 2025, the District recognized OPEB expense (credit) of \$(86,544). 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 expected and actual experience	\$ 1,187,639	\$ -
Changes of assumptions or other inputs	157,233	-
Net difference between projected and actual earnings on pension plan investments	395,692	-
Changes in proportionate share of contributions	2,324,078	3,817,365
Contributions subsequent to the measurement date	944,427	-
Total	\$ 5,009,069	\$ 3,817,365

\$47,268, 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, 1899. 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	\$ (57,779)
2027	(42,460)
2028	(58,218)
2029	(40,747)
2030	(35,280)
Thereafter	(21,903)
Total	\$ (256,387)

Lake County School District
Notes to the Financial Statements
June 30, 2025
(Continued)

III. Detailed Notes on All Funds (continued)

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

Actuarial assumptions: The total OPEB liability in the December 31, 1899 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 OPEB plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Health care cost trend rates	
PERA benefit structure:	
Service-based premium subsidy	0.00%
PERACare Medicare plans	16.00% in 2024, then 6.75% in 2025, gradually decreasing to 4.50% in 2034
MAPD PPO #2	105.00% in 2024, then 8.55% in 2025, gradually decreasing to 4.50% in 2034
Medicare Part A premiums	3.50% in 2024, gradually increasing to 4.50% in 2033
DPS benefit structure:	
Service-based premium subsidy	0.00%
PERACare Medicare plans	N/A
Medicare Part A premiums	N/A

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

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

**Lake County School District
Notes to the Financial Statements
June 30, 2025
(Continued)**

III. Detailed Notes on All Funds (continued)

G. 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	4,765	3,941	7,933	6,563
75	8,110	6,385	5,262	4,143	8,763	6,900

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

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

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.

**Lake County School District
Notes to the Financial Statements
June 30, 2025
(Continued)**

III. Detailed Notes on All Funds (continued)

G. 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 Plans ¹	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.

**Lake County School District
Notes to the Financial Statements
June 30, 2025
(Continued)**

III. Detailed Notes on All Funds (continued)

G. 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	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		
Post-Retirement (Retiree), Non-Disabled	Mortality Table	Adjustments, As Applicable
State and Local Government Divisions (members other than	PubG-2010 Employee	80/90% of the rates 80 and older Females: 87% of the rates prior to
Safety Officers	PubS-2010 Employee	N/A
School Division	PubT-2010 Employee	age 80/94% of the rates 80 and older Females: 83% of the rates
Judicial Division	PubG-2010(A) Above-Median Healthy Retiree	N/A
Post-Retirement (Beneficiary), Non-Disabled		
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		
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

**Lake County School District
Notes to the Financial Statements
June 30, 2025
(Continued)**

III. Detailed Notes on All Funds (continued)

G. 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 HCTF:

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

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

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.

**Lake County School District
Notes to the Financial Statements
June 30, 2025
(Continued)**

III. Detailed Notes on All Funds (continued)

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

Actuarial assumptions (continued):

<u>Plan</u>	<u>With Medicare Part A</u>	<u>Without Medicare Part A</u>
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.

<u>Pre-Retirement</u>	<u>Mortality Table</u>	<u>As Applicable</u>
State and Local Government	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

<u>Post-Retirement (Retiree), Non-</u>	<u>Mortality Table</u>	<u>Adjustments, As Applicable</u>
State and Local Government Divisions (members other than	PubG-2010 Employee	Females: 85% of the rates prior to age 85/105% of the rates age 85
Safety Officers	PubS-2010 Employee	N/A
School Division	PubT-2010 Employee	ages Females: 86% of the rates prior to age 85/115% of the rates
Judicial Division	PubG-2010(A) Above-Median Healthy Retiree	N/A

**Lake County School District
Notes to the Financial Statements
June 30, 2025
(Continued)**

III. Detailed Notes on All Funds (continued)

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

Actuarial assumptions (continued):

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. 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.

**Lake County School District
Notes to the Financial Statements
June 30, 2025
(Continued)**

III. Detailed Notes on All Funds (continued)

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

Actuarial assumptions (continued):

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

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

	<u>1% Decrease in Trend Rates</u>	<u>Current Trend Rates</u>	<u>1% Increase in Trend Rates</u>
Initial PERA Care Medicare trend rate ¹	5.75%	6.75%	7.75%
Ultimate PERA Care Medicare trend rate	3.50%	4.50%	5.50%
Initial MAPD PPO#2 trend rate ¹	7.55%	8.55%	9.55%
Ultimate MAPD PPO#2 trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate ¹	2.75%	3.75%	4.75%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability	\$ 362,085	\$ 372,111	\$ 383,457

¹ For the January 1, 2025, plan year.

Lake County School District
Notes to the Financial Statements
June 30, 2025
(Continued)

III. Detailed Notes on All Funds (continued)

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

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

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

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

**Lake County School District
Notes to the Financial Statements
June 30, 2025
(Continued)**

III. Detailed Notes on All Funds (continued)

G. 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	\$ 456,028	\$ 372,111	\$ 299,765

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/investments/pera-financial-reports.

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.

Lake County School District
Notes to the Financial Statements
June 30, 2025
(Continued)

IV. Other Information (continued)

C. Health Insurance

The District has adopted a plan for self-insurance of health and dental benefits for employees which is administered by a third party administrator. The plan provides for the District to pay all allowable health expenses up to \$50,000 annually, for each insured, with all claims for each insured in excess of \$50,000 insured by a "stop-loss" insurance policy. An aggregate overall stop-loss per calendar year, based on a calculation of monthly attachment points, exists under the plan. Claim payments are based specific claims expenses. Estimated amounts of subrogation and reinsurance recoverable on unpaid claims are deducted from the liability for unpaid claims, if any. Unpaid claims at year end include all allocated claims adjustment expenditures.

A third party stop-loss provider, Sun Life Assurance Company of Canada, has been contracted to provide coverage of any claims against the self-funded plan in excess of \$50,000, per employee, or \$1,323,118 in the aggregate. Although management believes the third party stop-loss provider is financially stable, the District may be held liable for excess loss reimbursement due under this policy if it became insolvent

Incurred but not reported claims are recorded as a liability of the Health Insurance Internal Service Fund. At June 30, 2025, these claims were estimated by the administrator to be \$53,604.

	Year ended 1/0/00	Year ended 6/30/25
Unpaid claims, beginning of fiscal year	52,068	\$ 64,407
Incurred claims	\$ 1,620,796	1,487,092
Claim payments	(1,608,457)	(1,497,897)
Unpaid claims, end of fiscal year	\$ 64,407	\$ 53,602

D. Pupil Counts

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 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.

Lake County School District
Notes to the Financial Statements
June 30, 2025
(Continued)

IV. Other Information (continued)

E. Claims and 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.

4. Concentration – Significant Taxpayer

The assessed properties within the boundaries of Lake County include one taxpayer that represents approximately 30% of the total taxable assessed valuation of the County. Non-payment of taxes by this taxpayer would materially affect the revenues of the District.

F. Jointly Governed Organization – BOCES

The District is a participant among three other districts and the Colorado Mountain College in a jointly governed organization to operate the Mountain 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. The BOCES is governed by a board of directors consisting of a member of the Board of Education and the superintendent from each of the participating members. For the year ended June 30, 2025, the District paid assessments totaling \$137,111 to the BOCES.

**Lake County School District
Notes to the Financial Statements
June 30, 2025
(Continued)**

IV. Other Information (continued)

F. Jointly Governed Organization – BOCES (continued)

The BOCES has issued its own audited financial statements for the year ended June 30, 2025, the latest available data. The following summary information is presented:

Assets	\$ 2,013,851
Deferred Outflows of Resources	749,544
Liabilities	2,640,250
Deferred Inflows of Resources	20,080
Net Position	<u>\$ 103,065</u>
Expenses	\$ (4,340,417)
Program Revenues	4,281,888
General Revenues	50,719
Change in Net Position	<u>(7,810)</u>
Net Position - Beginning	110,875
Net Position - Ending	<u>\$ 103,065</u>

G. State Loan Program

During the year ended June 30, 2025, the District borrowed \$5,749,351 from the State-sponsored interest-free loan program to provide cash flow throughout the fiscal year. The loan was paid in full during fiscal year 2025, from property taxes received from January 2025 through May 2025.

V. Subsequent Event – Issuance of Long-Term Debt

In October 2025, the District issued \$745,000 in Certificates of Participation to finance the costs of acquiring certain energy equipment and other capital upgrades. The Series 2025 Certificates of Participation bear interest at 4.85% per annum, mature in annual increments from May 2026 through 2040.

Required Supplementary Information



Lake County School District
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual (GAAP Basis)
General Fund (including Universal Preschool Program Sub-Fund)
For the Year Ended June 30, 2025
(With Comparative Totals For the Year Ended 2024)

	<u>2025</u>			Final Budget Variance Positive (Negative)	<u>2024</u>
	Original Budget	Final Budget	Actual Amounts		Actual Amounts
Revenues:					
Local sources:					
General property taxes	\$ 10,388,923	\$ 11,852,186	\$ 12,039,395	\$ 187,209	\$ 10,155,320
Specific ownership taxes	438,729	413,657	483,296	69,639	522,872
Investment income	50,000	60,000	73,479	13,479	94,130
Other revenue	215,410	384,850	257,325	(127,525)	199,319
Intermediate sources	33,100	18,207	18,207	-	33,098
State sources	2,585,252	2,715,087	2,620,563	(94,524)	2,024,800
Federal sources	460,172	444,396	451,568	7,172	496,499
Total Revenues	<u>14,171,586</u>	<u>15,888,383</u>	<u>15,943,833</u>	<u>55,450</u>	<u>13,526,038</u>
Expenditures:					
Direct instruction	8,279,380	8,847,862	8,305,261	542,601	8,244,245
Indirect instruction	761,705	847,070	761,748	85,322	687,853
Transportation	462,816	521,722	550,386	(28,664)	432,162
Custodial and maintenance	1,662,243	1,798,015	1,804,799	(6,784)	1,780,422
Support services	742,347	755,667	768,986	(13,319)	711,314
General administration	1,537,251	1,514,548	1,501,714	12,834	1,489,890
Community service	-	-	-	-	2,719
Food service operations	12,243	12,243	10,315	1,928	-
Capital outlay	18,900	14,900	10,427	4,473	4,231
Contingency	2,090,574	2,428,360	-	2,428,360	-
Total Expenditures	<u>15,567,459</u>	<u>16,740,387</u>	<u>13,713,636</u>	<u>3,026,751</u>	<u>13,352,836</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(1,395,873)</u>	<u>(852,004)</u>	<u>2,230,197</u>	<u>3,082,201</u>	<u>173,202</u>
Other Financing Sources (Uses):					
Transfers (out)	(766,524)	(1,116,429)	(1,125,570)	(9,141)	(655,000)
Total Other Financing Sources (Uses)	<u>(766,524)</u>	<u>(1,116,429)</u>	<u>(1,125,570)</u>	<u>(9,141)</u>	<u>(655,000)</u>
Net Change in Fund Balance	(2,162,397)	(1,968,433)	1,104,627	3,073,060	(481,798)
Fund Balance - Beginning of Year	<u>2,162,397</u>	<u>2,509,582</u>	<u>2,509,580</u>	<u>(2)</u>	<u>2,991,378</u>
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ 541,149</u>	<u>\$ 3,614,207</u>	<u>\$ 3,073,058</u>	<u>\$ 2,509,580</u>

Lake County School District
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual (GAAP Basis)
Special Revenue Fund
Designated-Purpose Grant Fund
For the Year Ended June 30, 2025
(With Comparative Totals For the Year Ended 2024)

	<u>2025</u>			Final Budget Variance Positive (Negative)	<u>2024</u>
	Original Budget	Final Budget	Actual Amounts		Actual Amounts
Revenues:					
Federal sources	\$ 1,749,764	\$ 1,850,521	\$ 1,611,597	\$ (238,924)	\$ 2,819,301
State sources	404,202	761,526	728,265	(33,261)	329,290
Other revenue	50,775	168,060	89,853	(78,207)	15,911
Total Revenues	<u>2,204,741</u>	<u>2,780,107</u>	<u>2,429,715</u>	<u>(350,392)</u>	<u>3,164,502</u>
Expenditures:					
Direct instruction	943,411	1,477,340	1,355,317	122,023	1,288,729
Indirect instruction	1,200,291	1,259,277	1,046,492	212,785	1,805,320
Transportation	16,462	16,462	14,930	1,532	14,816
Support services	3,882	2,976	2,976	-	11,899
General administration	-	1,652	2,000	(348)	-
Capital outlay	40,695	22,400	8,000	14,400	43,738
Total Expenditures	<u>2,204,741</u>	<u>2,780,107</u>	<u>2,429,715</u>	<u>350,392</u>	<u>3,164,502</u>
Net Change in Fund Balance	-	-	-	-	-
Fund Balance - Beginning of Year	-	-	-	-	-
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Lake County School District
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 portion of the net pension liability	0.1215%	0.1534%	0.1153%	0.1344%	0.1488%
District's proportionate share of the net pension liability	\$ 20,972,463	\$ 27,126,970	\$ 20,994,132	\$ 15,641,510	\$ 22,498,456
State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the District	<u>1,728,421</u>	<u>582,051</u>	<u>4,737,381</u>	<u>1,766,335</u>	<u>-</u>
Total proportionate share of the net pension liability associated with the District	<u>22,700,884</u>	<u>27,709,021</u>	<u>25,731,513</u>	<u>17,407,845</u>	<u>22,498,456</u>
District's covered payroll	9,392,344	10,141,351	8,973,291	8,400,054	7,957,610
District's proportionate share of the net pension liability as a percentage of its covered payroll	223%	267%	234%	186%	283%
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 portion of the net pension liability	0.1255%	0.1254%	0.1397%	0.1468%	0.1460%
District's proportionate share of the net pension liability	\$ 18,751,415	\$ 22,198,702	\$ 45,171,535	\$ 43,717,274	\$ 22,387,081
State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the District	<u>2,378,379</u>	<u>3,035,364</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total proportionate share of the net pension liability associated with the District	<u>21,129,794</u>	<u>25,234,066</u>	<u>45,171,535</u>	<u>43,717,274</u>	<u>22,387,081</u>
District's covered payroll	7,374,222	6,911,090	6,679,965	6,590,004	6,363,878
District's proportionate share of the net pension liability as a percentage of its covered payroll	254%	321%	676%	663%	352%
Plan fiduciary net position as a percentage of the total pension liability	64.52%	57.01%	43.96%	43.13%	59.16%

Refer to the accompanying notes to the Required Supplementary Information.

Lake County School District
Schedule of District 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	\$ 2,039,301	\$ 2,050,709	\$ 2,008,721	\$ 1,755,749	\$ 1,634,851
Contributions in relation to the contractually required contribution	<u>(2,039,301)</u>	<u>(2,050,709)</u>	<u>(2,008,721)</u>	<u>(1,755,749)</u>	<u>(1,634,851)</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
District's covered payroll	10,006,385	10,062,280	9,856,334	8,620,889	8,223,598
Contributions as a percentage of covered payroll	20.38%	20.38%	20.38%	20.37%	19.88%
Fiscal year-ended June 30,	2020	2019	2018	2017	2016
Contractually required contribution	\$ 1,493,088	\$ 1,354,436	\$ 1,329,727	\$ 1,235,169	\$ 1,233,696
Contributions in relation to the contractually required contribution	<u>(1,493,088)</u>	<u>(1,354,436)</u>	<u>(1,329,727)</u>	<u>(1,235,169)</u>	<u>(1,233,696)</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
District's covered payroll	7,704,255	7,080,166	6,679,965	6,366,791	6,571,617
Contributions as a percentage of covered payroll	19.38%	19.13%	19.91%	19.40%	18.77%

Lake County School District
Schedule of the District's Proportionate Share of the Net 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	0.0778%	0.0918%	0.0874%	0.0878%	0.0861%
District's proportionate share of the net OPEB liability	\$ 372,111	\$ 655,007	\$ 713,685	\$ 756,742	\$ 817,686
District's covered payroll	9,392,344	10,141,351	8,973,291	8,400,054	7,957,610
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	3.96%	6.46%	7.95%	9.01%	10.28%
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		
District's proportion of the net OPEB liability	0.0820%	0.0814%	0.0794%		
District's proportionate share of the net OPEB liability	\$ 921,881	\$ 1,107,707	\$ 1,031,527		
District's covered payroll	7,374,222	6,911,090	6,679,965		
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	12.50%	16.03%	15.44%		
Plan fiduciary net position as a percentage of the total OPEB liability	24.49%	17.03%	18.00%		

* 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 2018.

Lake County School District
Schedule of District 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	\$ 102,065	\$ 102,635	\$ 100,535	\$ 87,933	\$ 83,881
Contributions in relation to the contractually required contribution	<u>(102,065)</u>	<u>(102,635)</u>	<u>(100,535)</u>	<u>(87,933)</u>	<u>(83,881)</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
District's covered payroll	\$ 10,006,385	\$ 10,062,280	\$ 9,856,334	\$ 8,620,889	\$ 8,223,598
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		
Contractually required contribution	\$ 78,583	\$ 72,218	\$ 68,135		
Contributions in relation to the contractually required contribution	<u>(78,583)</u>	<u>(72,218)</u>	<u>(68,135)</u>		
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>		
District's covered payroll	\$ 7,704,255	\$ 7,080,166	\$ 6,679,965		
Contributions as a percentage of covered payroll	1.02%	1.02%	1.02%		

* The amounts presented for each fiscal year were determined as of the fiscal year-end. Information is only available beginning in fiscal year 2018.

Lake County School District
Notes to Required Supplementary Information
June 30, 2025

I. Notes to the 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.

Lake County School District
Notes to Required Supplementary Information
June 30, 2025
(Continued)

I. Notes to the 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, 2020 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.

Lake County School District
Notes to Required Supplementary Information
June 30, 2025
(Continued)

I. Notes to the 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.

Lake County School District
Notes to Required Supplementary Information
June 30, 2025
(Continued)

I. Notes to the 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%.

**Lake County School District
Notes to Required Supplementary Information
June 30, 2025
(Continued)**

I. Notes to the 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.

Lake County School District
Notes to Required Supplementary Information
June 30, 2025
(Continued)

I. Notes to the 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 the 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.

Lake County School District
Notes to Required Supplementary Information
June 30, 2025
(Continued)

II. Notes to the 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.

Lake County School District
Notes to Required Supplementary Information
June 30, 2025
(Continued)

II. Notes to the 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.6. 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.

Supplementary Information



**Lake County School District
Combining Balance Sheet
General Fund and Related Sub-Fund
June 30, 2025**

	General Fund	Universal Preschool Program Fund	Total
Assets:			
Cash and investments	\$ 4,822,411	\$ 138,951	\$ 4,961,362
Taxes receivable	597,517	-	597,517
Due from other governments	140,864	3,342	144,206
Total Assets	\$ 5,560,792	\$ 142,293	\$ 5,703,085
Liabilities:			
Accounts payable and accrued expenses	\$ 60,855	\$ 930	\$ 61,785
Accrued salaries and benefits	638,901	28,605	667,506
Due to other funds	833,232	112,758	945,990
Unearned revenue	158,509	-	158,509
Total Liabilities	1,691,497	142,293	1,833,790
Deferred Inflows of Resources:			
Unavailable property taxes	255,088	-	255,088
Fund Balances:			
Restricted for:			
TABOR Reserve	491,024	-	491,024
Assigned for:			
Operating reserve	357,910	-	357,910
Unassigned	2,765,273	-	2,765,273
Total Fund Balances	3,614,207	-	3,614,207
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 5,560,792	\$ 142,293	\$ 5,703,085

The accompanying notes are an integral part of this statement.

Lake County School District
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
General Fund and Related Sub-Fund
For the Year Ended June 30, 2025

	General Fund	Universal Preschool Program Fund	Total
Revenues:			
Local sources:			
General property taxes	\$ 12,039,395	\$ -	\$ 12,039,395
Specific ownership taxes	483,296	-	483,296
Investment income	73,479	-	73,479
Other revenue	257,325	-	257,325
Intermediate sources	18,207	-	18,207
State sources	2,191,189	429,374	2,620,563
Federal sources	451,568	-	451,568
Total Revenues	15,514,459	429,374	15,943,833
Expenditures:			
Direct instruction	7,839,047	466,214	8,305,261
Indirect instruction	761,748	-	761,748
Transportation	550,386	-	550,386
Custodial and maintenance	1,760,419	44,380	1,804,799
Support services	768,986	-	768,986
General administration	1,501,714	-	1,501,714
Food service operations	10,315	-	10,315
Capital outlay	10,427	-	10,427
Total Expenditures	13,203,042	510,594	13,713,636
Excess (Deficiency) of Revenues Over Expenditures	2,311,417	(81,220)	2,230,197
Other Financing Sources (Uses):			
Transfers (out)	(1,125,570)	-	(1,125,570)
Total Other Financing Sources (Uses)	(1,125,570)	-	(1,125,570)
Net Change in Fund Balance	1,185,847	(81,220)	1,104,627
Fund Balances - Beginning of Year	2,428,360	81,220	2,509,580
Fund Balances - End of Year	\$ 3,614,207	\$ -	\$ 3,614,207

The accompanying notes are an integral part of this statement.

**Lake County School District
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2025**

	Special Revenue Funds				Capital Projects Funds		Total Non-Major Governmental Funds
	Food Service Fund	Center Fund	Pupil Activity Fund	Head Start Fund	Building Fund	Capital Reserve Fund	
Assets:							
Cash and cash equivalents	\$ -	\$ 9,292	\$ 414,392	\$ -	\$ -	\$ -	\$ 423,684
Intergovernmental	104,240	-	-	67,826	-	-	172,066
Due from other funds	-	469,990	-	-	-	607,416	1,077,406
Prepaid items	-	-	-	-	-	15,000	15,000
Inventories	5,270	-	-	-	-	-	5,270
Total Assets	\$ 109,510	\$ 479,282	\$ 414,392	\$ 67,826	\$ -	\$ 622,416	\$ 1,693,426
Liabilities:							
Accounts payable and accrued expenses	1,850	729	-	2,293	-	48,439	53,311
Accrued salaries and benefits	16,112	7,051	-	41,148	-	-	64,311
Due to other funds	36,980	-	-	24,385	-	-	61,365
Unearned revenue	-	10,500	-	-	-	-	10,500
Total Liabilities	54,942	18,280	-	67,826	-	48,439	189,487
Fund Balances:							
Non-spendable:							
Inventories	5,270	-	-	-	-	-	5,270
Prepays	-	-	-	-	-	15,000	15,000
Restricted for:							
BEST Capital Renewal Reserve	-	-	-	-	-	353,050	353,050
Committed for:							
Capital projects	-	-	-	-	-	205,927	205,927
Assigned for:							
Nutritional service	49,298	-	-	-	-	-	49,298
Student activities	-	-	414,392	-	-	-	414,392
Childcare	-	461,002	-	-	-	-	461,002
Total Fund Balances	54,568	461,002	414,392	-	-	573,977	1,503,939
Total Liabilities and Fund Balances	\$ 109,510	\$ 479,282	\$ 414,392	\$ 67,826	\$ -	\$ 622,416	\$ 1,693,426

The accompanying notes are an integral part of this statement.

Lake County School District
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
Non-Major Governmental Funds
June 30, 2025

	Special Revenue Funds				Capital Projects Funds		Total Non-Major Governmental Funds
	Food Service Fund	Center Fund	Pupil Activity Fund	Head Start Fund	Building Fund	Capital Reserve Fund	
Revenues:							
Local sources:							
Charges for services	\$ -	\$ 108,958	\$ 207,221	\$ -	\$ -	\$ -	\$ 316,179
Other revenue	25,835	99,273	-	-	-	-	125,108
Intermediate sources	-	-	-	-	-	4,963	4,963
State sources	165,632	-	-	-	-	-	165,632
Federal sources	550,645	15,919	-	783,284	-	-	1,349,848
Total Revenues	<u>742,112</u>	<u>224,150</u>	<u>207,221</u>	<u>783,284</u>	<u>-</u>	<u>4,963</u>	<u>1,961,730</u>
Expenditures:							
Direct instruction	-	5,172	-	-	-	-	5,172
Indirect instruction	-	-	-	12,526	-	-	12,526
Transportation	-	-	-	26,918	-	-	26,918
Custodial and maintenance	-	-	-	35,421	-	-	35,421
General administration	-	-	-	-	180,642	-	180,642
Community service	-	49,927	-	708,419	-	-	758,346
Food service operations	912,949	-	-	-	-	-	912,949
Student activities	-	-	173,419	-	-	-	173,419
Capital outlay	-	-	-	-	-	340,485	340,485
Total Expenditures	<u>912,949</u>	<u>55,099</u>	<u>173,419</u>	<u>783,284</u>	<u>180,642</u>	<u>340,485</u>	<u>2,445,878</u>
Excess (Deficiency) or Revenues Over Expenditures	<u>(170,837)</u>	<u>169,051</u>	<u>33,802</u>	<u>-</u>	<u>(180,642)</u>	<u>(335,522)</u>	<u>(484,148)</u>
Other Financing Sources (Uses):							
Transfers in	230,000	-	-	-	-	362,412	592,412
Total Other Financing Sources (Uses)	<u>230,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>362,412</u>	<u>592,412</u>
Net Change in Fund Balances	59,163	169,051	33,802	-	(180,642)	26,890	108,264
Fund Balances (Deficit) - Beginning	<u>(4,595)</u>	<u>291,951</u>	<u>380,590</u>	<u>-</u>	<u>180,642</u>	<u>547,087</u>	<u>1,395,675</u>
Fund Balances - Ending	<u>\$ 54,568</u>	<u>\$ 461,002</u>	<u>\$ 414,392</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 573,977</u>	<u>\$ 1,503,939</u>

The accompanying notes are an integral part of this statement.

Lake County School District
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual (GAAP Basis)
Bond Redemption Fund
For the Year Ended June 30, 2025
(With Comparative Totals For the Year Ended 2024)

	<u>2025</u>			Final Budget Variance Positive (Negative)	<u>2024</u>
	Original Budget	Final Budget	Actual Amounts		Actual Amounts
Revenues:					
Local sources:					
General property taxes	\$ 1,904,148	\$ 1,600,000	\$ 1,636,131	\$ 36,131	1,859,314
Interest income	-	120,000	133,788	13,788	129,784
Total Revenues	<u>1,904,148</u>	<u>1,720,000</u>	<u>1,769,919</u>	<u>49,919</u>	<u>1,989,098</u>
Expenditures:					
Debt service:					
Principal	1,169,453	1,169,453	1,169,453	-	1,135,622
Interest	507,175	627,175	507,175	120,000	541,509
Contingency	3,396,543	3,177,346	-	3,177,346	-
Total Expenditures	<u>5,073,171</u>	<u>4,973,974</u>	<u>1,676,628</u>	<u>3,297,346</u>	<u>1,677,131</u>
Net Change in Fund Balance	(3,169,023)	(3,253,974)	93,291	3,347,265	311,967
Fund Balance - Beginning of Year	<u>1,669,934</u>	<u>3,253,974</u>	<u>3,253,974</u>	-	<u>2,942,007</u>
Fund Balance - End of Year	<u>\$ 3,396,543</u>	<u>\$ 3,177,346</u>	<u>\$ 3,347,265</u>	<u>\$ 3,347,265</u>	<u>\$ 3,253,974</u>

The accompanying notes are an integral part of this statement.

Lake County School District
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual (GAAP Basis)
Building Fund
For the Year Ended June 30, 2025
(With Comparative Totals For the Year Ended 2024)

	2025			Final Budget Variance Positive (Negative)	2024
	Original Budget	Final Budget	Actual Amounts		Actual Amounts
Revenues:					
State sources	\$ -	\$ -	\$ -	\$ -	\$ -
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:					
General administration	-	-	180,642	(180,642)	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>180,642</u>	<u>(180,642)</u>	<u>-</u>
Net Change in Fund Balance	-	-	(180,642)	(180,642)	-
Fund Balance - Beginning of Year	<u>-</u>	<u>-</u>	<u>180,642</u>	<u>180,642</u>	<u>180,642</u>
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 180,642</u>

The accompanying notes are an integral part of this statement.

Lake County School District
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual (GAAP Basis)
Capital Reserve Fund
For the Year Ended June 30, 2025
(With Comparative Totals For the Year Ended 2024)

	2025			Final Budget Variance Positive (Negative)	2024
	Original Budget	Final Budget	Actual Amounts		Actual Amounts
Revenues:					
Intermediate sources	\$ -	\$ 1,226	\$ 4,963	\$ 3,737	\$ 26,780
State sources	-	-	-	-	11,929
Total Revenues	<u>-</u>	<u>1,226</u>	<u>4,963</u>	<u>3,737</u>	<u>38,709</u>
Expenditures:					
Debt service:					
Principal	-	-	-	-	20,886
Interest	-	-	-	-	573
Capital outlay	85,001	474,480	340,485	133,995	118,895
Contingency	477,250	487,403	-	487,403	-
Total Expenditures	<u>562,251</u>	<u>961,883</u>	<u>340,485</u>	<u>621,398</u>	<u>140,354</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(562,251)</u>	<u>(960,657)</u>	<u>(335,522)</u>	<u>625,135</u>	<u>(101,645)</u>
Other Financing Sources (Uses)					
Transfers in	169,001	413,570	362,412	(51,158)	59,000
Total Other Financing Sources (Uses)	<u>169,001</u>	<u>413,570</u>	<u>362,412</u>	<u>(51,158)</u>	<u>59,000</u>
Net Change in Fund Balance	(393,250)	(547,087)	26,890	573,977	(42,645)
Fund Balance - Beginning of Year	<u>393,250</u>	<u>547,087</u>	<u>547,087</u>	<u>-</u>	<u>589,732</u>
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 573,977</u>	<u>\$ 573,977</u>	<u>\$ 547,087</u>

The accompanying notes are an integral part of this statement.

Lake County School District
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual (GAAP Basis)
Food Service Fund
For the Year Ended June 30, 2025
(With Comparative Totals For the Year Ended 2024)

	2025			2024	
	Original Budget	Final Budget	Actual Amounts	Final Budget Variance Positive (Negative)	Actual Amounts
Revenues:					
Local sources:					
Food service charges	\$ 3,000	\$ 1,000	\$ -	\$ (1,000)	\$ 41,860
Other revenue	31,000	23,405	25,835	2,430	-
State sources	207,334	166,913	165,632	(1,281)	191,541
Federal sources	543,275	493,000	550,645	57,645	532,473
Total Revenues	<u>784,609</u>	<u>684,318</u>	<u>742,112</u>	<u>57,794</u>	<u>765,874</u>
Expenditures:					
Food service operations:					
Salaries and employee benefits	567,265	488,086	543,423	(55,337)	580,285
Supplies	10,000	9,000	5,800	3,200	7,738
Other	1,500	1,700	839	861	1,646
Food costs	432,844	412,330	362,887	49,443	410,800
Contingency	-	25,000	-	25,000	-
Total Expenditures	<u>1,011,609</u>	<u>936,116</u>	<u>912,949</u>	<u>23,167</u>	<u>1,000,469</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(227,000)</u>	<u>(251,798)</u>	<u>(170,837)</u>	<u>80,961</u>	<u>(234,595)</u>
Other Financing Sources (Uses):					
Transfers in	230,000	265,000	230,000	(35,000)	230,000
Total Other Financing Sources (Uses)	<u>230,000</u>	<u>265,000</u>	<u>230,000</u>	<u>(35,000)</u>	<u>230,000</u>
Net Change in Fund Balance	3,000	13,202	59,163	45,961	(4,595)
Fund Balance (Deficit) - Beginning	-	606	(4,595)	(5,201)	-
Fund Balance (Deficit) - Ending	<u>\$ 3,000</u>	<u>\$ 13,808</u>	<u>\$ 54,568</u>	<u>\$ 40,760</u>	<u>\$ (4,595)</u>

The accompanying notes are an integral part of this statement.

Lake County School District
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual (GAAP Basis)
The Center Fund
For the Year Ended June 30, 2025
(With Comparative Totals For the Year Ended 2024)

	2025			Final Budget Variance Positive (Negative)	2024
	Original Budget	Final Budget	Actual Amounts		Actual Amounts
Revenues:					
Local sources:					
Tuition and fees	\$ 235,000	\$ 75,000	\$ 108,958	\$ 33,958	\$ 202,028
Other revenue	114,000	109,771	99,273	(10,498)	118,249
Federal sources	28,306	15,919	15,919	-	39,503
Total Revenues	<u>377,306</u>	<u>200,690</u>	<u>224,150</u>	<u>23,460</u>	<u>359,780</u>
Expenditures:					
Direct instruction	6,283	5,172	5,172	-	7,347
Custodial and maintenance	18,950	10,110	-	10,110	7,772
Community service	352,073	185,408	49,927	135,481	158,432
Contingency	100,000	-	-	-	-
Total Expenditures	<u>477,306</u>	<u>200,690</u>	<u>55,099</u>	<u>145,591</u>	<u>173,551</u>
Net Change in Fund Balance	(100,000)	-	169,051	169,051	186,229
Fund Balance - Beginning of Year	<u>100,000</u>	<u>291,951</u>	<u>291,951</u>	<u>-</u>	<u>105,722</u>
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ 291,951</u>	<u>\$ 461,002</u>	<u>\$ 169,051</u>	<u>\$ 291,951</u>

The accompanying notes are an integral part of this statement.

Lake County School District
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual (GAAP Basis)
Pupil Activity Fund
For the Year Ended June 30, 2025
(With Comparative Totals For the Year Ended 2024)

	<u>2025</u>			Final Budget Variance Positive (Negative)	<u>2024</u>
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>		<u>Actual Amounts</u>
Revenues:					
Local sources:					
Student activity fees	\$ 332,054	\$ 380,591	\$ 207,221	\$ (173,370)	\$ 235,195
Total Revenues	<u>332,054</u>	<u>380,591</u>	<u>207,221</u>	<u>(173,370)</u>	<u>235,195</u>
Expenditures:					
Student activities	332,054	380,591	173,419	207,172	186,659
Total Expenditures	<u>332,054</u>	<u>380,591</u>	<u>173,419</u>	<u>207,172</u>	<u>186,659</u>
Net Change in Fund Balance	-	-	33,802	33,802	48,536
Fund Balance - Beginning of Year	<u>332,054</u>	<u>380,590</u>	<u>380,590</u>	-	<u>332,054</u>
Fund Balance - End of Year	<u>\$ 332,054</u>	<u>\$ 380,590</u>	<u>\$ 414,392</u>	<u>\$ 33,802</u>	<u>\$ 380,590</u>

The accompanying notes are an integral part of this statement.

Lake County School District
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual (GAAP Basis)
Head Start Fund
For the Year Ended June 30, 2025
(With Comparative Totals For the Year Ended 2024)

	<u>2025</u>			Final Budget Variance Positive (Negative)	<u>2024</u>
	Original Budget	Final Budget	Actual Amounts		Actual Amounts
Revenues:					
Local sources:					
Other revenue	\$ 190,905	\$ 190,905	\$ -	\$ (190,905)	\$ -
Federal sources	763,620	763,620	783,284	19,664	801,266
Total Revenues	<u>954,525</u>	<u>954,525</u>	<u>783,284</u>	<u>(171,241)</u>	<u>801,266</u>
Expenditures:					
Indirect instruction	11,646	12,802	12,526	276	6,980
Transportation	34,590	31,630	26,918	4,712	25,989
Custodial maintenance	28,600	32,710	35,421	(2,711)	25,151
Community service	879,689	877,383	708,419	168,964	743,146
Total Expenditures	<u>954,525</u>	<u>954,525</u>	<u>783,284</u>	<u>171,241</u>	<u>801,266</u>
Net Change in Fund Balance	-	-	-	-	-
Fund Balance - Beginning of Year	-	-	-	-	-
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of this statement.

Lake County School District
Schedule of Revenues, Expenses, and Change in Net Position - Budget and Actual (GAAP BASIS)
Health Insurance Fund
For the Year Ended June 30, 2025
(With Comparative Totals For the Year Ended 2024)

	<u>2025</u>			Final Budget Variance Positive (Negative)	<u>2024</u>
	Original Budget	Final Budget	Actual Amounts		Actual Amounts
Revenues:					
Insurance premiums	\$ 2,001,843	\$ 1,718,490	\$ 1,738,312	\$ 19,822	\$ 1,742,775
Stop loss reimbursements	200,000	190,000	199,457	9,457	257,715
Total Operating Revenues	<u>2,201,843</u>	<u>1,908,490</u>	<u>1,937,769</u>	<u>29,279</u>	<u>2,000,490</u>
Expenses:					
Premiums paid	2,569,366	2,268,816	2,333,392	(64,576)	2,552,981
Contingency	-	25,000	-	25,000	-
Total Operating Expenses	<u>2,569,366</u>	<u>2,293,816</u>	<u>2,333,392</u>	<u>(39,576)</u>	<u>2,552,981</u>
Operating Income (Loss)	(367,523)	(385,326)	(395,623)	(10,297)	(552,491)
Contributions and Transfers:					
Transfers in	367,523	562,859	533,158	(29,701)	366,000
Change in Net Position	-	177,533	137,535	(39,998)	(186,491)
Net Position (Deficit) - Beginning of Year	-	(87,533)	(87,533)	-	98,958
Net Position (Deficit) - End of Year	<u>\$ -</u>	<u>\$ 90,000</u>	<u>\$ 50,002</u>	<u>\$ (10,297)</u>	<u>\$ (87,533)</u>

The accompanying notes are an integral part of this statement.

Lake County School District
Schedule of Capital Assets Used in the Operation of Governmental Funds
Comparative Schedule by Source
June 30, 2025 and 2024

	2025	2024
Governmental funds capital assets:		
Land	\$ 426,995	\$ 426,995
Buildings	59,426,913	61,099,652
Equipment and vehicles	899,854	815,458
Total governmental funds capital assets	\$ 60,753,762	\$ 62,342,105

The accompanying notes are an integral part of this statement.



Colorado Department of Education
Auditors Integrity Report
 District: 1510 - Lake County R-1
 Fiscal Year 2024-25
 Colorado School District/BOCES

Revenues, Expenditures, & Fund Balance by Fund

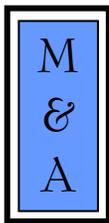
Fund Type & Number	Beg Fund Balance & Prior Per Adj (6880*)	1000 - 5999 Total Revenues & Other Sources	0001-0999 Total Expenditures & Other Uses	6700-6799 & Prior Per Adj (6880*) Ending Fund Balance
Governmental	+		-	=
10 General Fund	2,428,359	14,388,890	13,203,043	3,614,206
18 Risk Mgmt Sub-Fund of General Fund	0	0	0	0
19 Colorado Preschool Program Fund	81,222	429,374	510,596	0
Sub- Total	2,509,581	14,818,264	13,713,639	3,614,206
11 Charter School Fund	0	0	0	0
20,26-29 Special Revenue Fund	291,950	1,007,433	838,383	461,000
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	-4,596	972,112	912,950	54,566
22 Govt Designated-Purpose Grants Fund	0	2,429,715	2,429,715	0
23 Pupil Activity Special Revenue Fund	380,590	207,221	173,420	414,392
25 Transportation Fund	0	0	0	0
31 Bond Redemption Fund	3,253,974	1,769,919	1,676,628	3,347,265
39 Certificate of Participation (COP) Debt Service Fund	0	0	0	0
41 Building Fund	180,642	0	180,642	0
42 Special Building Fund	0	0	0	0
43 Capital Reserve Capital Projects Fund	547,088	367,376	340,485	573,979
46 Supplemental Cap Const, Tech, Main Fund	0	0	0	0
Totals	7,159,230	21,572,039	20,265,862	8,465,407
Proprietary				
50 Other Enterprise Funds	0	0	0	0
64 (63) Risk-Related Activity Fund	-87,534	732,615	595,080	50,000
60,65-69 Other Internal Service Funds	0	0	0	0
Totals	-87,534	732,615	595,080	50,000
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

Single Audit Reports and Schedules



Lake County School District
Learning Beyond Walls



McMAHAN AND ASSOCIATES, L.L.C.

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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
Lake County School District
Leadville, 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, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Lake County School District (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 December 5, 2025.

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 of 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 District'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.

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INDEPENDENT AUDITOR'S REPORT
To the Board of Education
Lake County School District
Leadville, Colorado

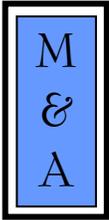
Compliance and Other Matters

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 control on compliance. This report is an integral part of an audit performed in accordance with *Government 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
December 5, 2025



McMAHAN AND ASSOCIATES, L.L.C.

Certified Public Accountants and Consultants

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

**To the Board of Education
Lake County School District
Leadville, Colorado**

Opinion on Each Major Federal Program

We have audited the compliance of Lake County School District (the "District") 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.

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 of Federal Awards* (the "Uniform Guidance"), and the Guide. 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
Lake County School District
Leadville, Colorado**

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 District'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
Lake County School District
Leadville, Colorado

Report on Internal Control Over Compliance (continued)

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

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

Purpose of this Report

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 Uniform Guidance and the Guide. Accordingly, this report is not suitable for any other purpose.

McMahan and Associates, L.L.C.

McMahan and Associates, L.L.C.
Avon, Colorado
December 5, 2025

**Lake County School District
SCHEDULE OF AUDIT 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	None noted
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	No
Major programs:	
Head Start	ALN 93.600
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>	No
Auditor-assigned reference number	Not applicable

Part III – Findings Related to Federal Awards

Internal control findings	None noted
Compliance findings	None noted
Questioned costs	None noted
Auditor-assigned reference number	Not applicable

Lake County School District
SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2025

Note: There were no findings for the year ended June 30, 2024.

**Lake County School District
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2025**

Federal Grantor/Pass-Through Grantor/Program Title	Federal Assistance Listing	Grant Project Code	Expenditures
United States Department of Education			
Passed through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	4010/5010	\$ 297,449
Education for Homeless Children and Youth	84.196A	5196	58,620
Twenty-First Century Community Learning Centers Cohort IX	84.287C	7287/8287	393,889
English Language Acquisition State Grants (Title III, Part A)	84.365A	4365	24,455
Comprehensive Literacy State Development	84.371C	5371	351,841
COVID-19 - ESSER III ARP 9.5% State Set-Aside, Rural Coaction	84.425U	4429	281,498
COVID-19 - ESSER III ARP 9.5% State Set-Aside, Expanded Learning Opportunities - After School Programming	84.425U	4449	275
COVID-19 - ESSER III 90% – LEA Allocation	84.425U	4414	60,998
<i>Subtotal - Elementary and Secondary School Emergency Relief</i>			342,771
Stronger Connections Grant Program (SCG)	84.424F	4451	84,181
Cooperative Agreement for Emergency Response: CDC Nursing Workforce	93.354	7354	2,000
Passed through Colorado Community College System:			
Career and Technical Education - Basic Grants to States	84.048	4048	48,392
Total United States Department of Education			1,603,598
United States Department of Health and Human Services			
Child Care Assistance Block Grant (Child Care Stabilization)	93.575	7575	10,746 D
Head Start	93.600	8600	783,284 B
Total United States Department of Health and Human Services			794,030
United States Department of Agriculture			
Passed through Lake County Treasurer:			
Schools and Roads - Grants to States	10.665	7665	28,543 C
Passed through Colorado Department of Human Services:			
Food Distribution, Commodities	10.555	4555	280,864 A
Passed through State Department of Education:			
School Breakfast program	10.555	4553	108,944 A
<i>Subtotal - National School Lunch Program</i>			389,808
Summer Food Service Program for Children	10.559	4559	12,390 A
Child and Adult Care Food Program (CACFP)	10.558	4558	113,197
Fresh Fruit and Vegetable Program	10.582	4582	35,250 A
National School Lunch Equipment Assistance	10.579	5579	8,000
Total United States Department of Agriculture			587,188
Total Federal Expenditures			\$ 2,984,816
Additional Information for Clusters:			
A Child Nutrition Cluster	\$ 437,448		
B Head Start Cluster	783,284		
C Forest Service Schools and Roads Cluster	28,543		
D Child Care Development Cluster	10,746		

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 Lake County School District, 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. Basis of Determining the Value of Non-Cash Awards Expended:

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

Note 3. Sub recipients:

The District did not provide any federal funds listed in the Schedule of Expenditures of Federal Awards received to sub recipients.

Note 4. Indirect Facilities and Administration Costs:

The District does not opt 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.