



Adams County School District 14
Commerce City, Colorado

FINANCIAL STATEMENTS
with INDEPENDENT AUDITOR'S REPORT
FISCAL YEAR JUNE 30, 2024



Adams County School District 14
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Adams County School District 14

Table of Contents

June 30, 2024

(Continued)

Financial Section

Independent Auditor's Report..... 1

Management's Discussion and Analysis i

Basic Financial Statements

Government-wide Financial Statements

Statement of Net Position 5

Statement of Activities..... 6

Governmental Funds

Balance Sheet - Governmental Funds 7

Reconciliation of the Balance Sheet of Governmental Funds to the
Statement of Net Position 8

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds..... 9

Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balances of Governmental Funds to the Statement of Activities 10

Notes to Financial Statements 11

Required Supplementary Information

Schedule of Proportionate Share of the Net Pension Liability and Contributions 45

Notes to Schedule of Proportionate Share of the Net Pension Liability and Contributions... 47

Schedule of Proportionate Share of the Net OPEB Liability and Contributions 51

Notes to Schedule of Proportionate Share of the Net OPEB Liability and Contributions..... 53

Budgetary Comparison Schedules

General Fund 57

Grants Fund 59

Notes to Budgetary Comparison Schedule - General and Grants Fund 60

Supplementary Information

Combining Statements - Nonmajor Governmental Funds

Combining Balance Sheet - Nonmajor Governmental Funds 61

Combining Statement of Revenues, Expenditures and Changes
in Fund Balances - Nonmajor Governmental Funds..... 62

Adams County School District 14

Table of Contents

June 30, 2024

(Continued)

Financial Section (Continued)

Budgetary Comparison Schedules

Bond Redemption Fund	63
Food Service Fund.....	64
Student Activity Fund	65
Certificate of Participation Debt Service Fund	66
Capital Reserve Capital Projects Fund	67

Compliance Section

Single Audit

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 <i>Government Auditing Standards</i>	68
Independent Auditor's Report on Compliance for Each Major Federal Program, Internal Control over Compliance, and the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance.....	70
Schedule of Findings and Questioned Costs	73
Schedule of Prior Year Findings	75
Schedule of Expenditures of Federal Awards	76

<i>Notes to Schedule of Expenditures of Federal Awards</i>	77
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State Compliance

Auditors Integrity Report	78
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Financial Section



**HINKLE &
COMPANY**
Strategic ^{PC}
Business Advisors

Independent Auditor's Report

Board of Education
Adams County School District 14
Commerce City, Colorado

Report on 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 Adams County School District 14 (the District) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the basic financial statements of the District, as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2024, and the respective and changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of 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 the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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



Required Supplementary Information

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

Supplementary Information

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

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor’s report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.



Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 31, 2024, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Adams County School District 14's internal control over financial reporting and compliance.

Hick & Company, PC

Englewood, Colorado
December 31, 2024



Adams County School District 14
Management's Discussion and Analysis
June 30, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Adams County School District 14 (District), we offer readers of the District's Annual Comprehensive Financial Report this narrative and analysis of the financial activities of the District for the fiscal year ended June 30, 2024. We encourage readers to consider the information presented here in conjunction with additional information that can be found in the Letter of Transmittal in the Introductory Section of this report.

FINANCIAL HIGHLIGHTS

- The Liabilities and Deferred Inflows of Resources, including Long-term Bonds Payable, exceeded total Assets and Deferred Outflows of Resources of the primary government, including land, buildings and equipment, at the close of fiscal year 2023-24 by \$55,284,740 (*Net Position*). To arrive at an unrestricted net position, this amount is further increased by \$9,419,0331 restricted for Debt Service and \$2,425,000 restricted for Emergencies. This leaves the final Unrestricted Net Position at a negative \$118,012,549, largely reflecting the District's continuing requirement to record PERA pensions and OPEB benefits.
- The District's Total Net Position for the primary reporting entity decreased by \$7.56 million, while Unrestricted Net Position decreased by \$12.9 million. This change is mainly reflective of the District's PERA pension liability increased by a net \$22.2 million. Debt payments further improved the District's financial position at year-end, although this gain is offset by a similar amount being recorded as depreciation expense for the year.
- The District's Governmental Funds fund balance increased by \$1,493,821 to an ending fund balance of \$26,595,878. This change in fund balance is due to increase in Instructional services costs and discontinuing use of grants such as Coronavirus Relief Fund (CRF) and various small local grants that existed during the pandemic.
- The Governmental Funds reported combined unassigned fund balance of \$12,722,745.

At June 30, 2024, \$2,425,000 of the \$17,582,122 fund balance of the General Fund was restricted for the Emergency contingency required by Article X, Section 20 of the Colorado Constitution, while \$129,264 was considered Non-spendable as it was held in inventories and prepaid items. The \$15,027,858 unassigned portion of the fund balance is equivalent to 19% of the total General Fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

Management's discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are composed of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements are designed to provide readers with a broad overview of the school district's financial activities in a manner similar to a private sector business.

The Statement of Net Position presents information on all of the District's Assets, Liabilities, Deferred Outflows and Deferred Inflows of Resources. The difference between Assets, Deferred Outflows of Resources and Liabilities and Deferred Inflows of Resources is reported as Net Position. Over time, changes in Net Position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

Adams County School District 14
Management's Discussion and Analysis
June 30, 2024

The Statement of Activities presents information showing how the Net Position of the District changed during the current fiscal year. Changes in Net Position are recorded in the statement of activities when the underlying event occurs, regardless of the timing of related cash flows. Thus, revenues and expenditures are reported in this statement for some items that will result in cash flows in future fiscal periods (example: levied but uncollected property taxes and earned but unused employees' vacation leave). The Government-wide Financial Statements can be found on page 5 of this report.

FUND FINANCIAL STATEMENTS

Fund Financial Statements are designed to demonstrate compliance with finance-related legal requirements. 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 governments, uses Fund Accounting to ensure and demonstrate compliance. All of the Funds of the District are considered Governmental Funds.

The Government-wide Financial Statements reflect that the District has no Business-type Fund, with all Funds on the Government-wide Statements being governmental. The District's Governmental type funds include the General Fund, Food Service Fund, Grants Fund, Student Activity Fund, Bond Redemption Fund, COP Debt Service Fund, and Capital Projects Capital Reserve Fund.

Governmental Fund

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 Statements, Governmental Fund Financial Statements focus on near-term financial resources and fund balances (which are spendable resources available at the end of the fiscal year). Such information may be useful in evaluating the District'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 District's near-term financing decisions. Both the Governmental Fund Balance Sheet and the Governmental Fund 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 three governmental funds that are classified as major funds: General Fund, the Grants Fund, and the Bond Redemption Fund. The General and Grant funds account for funds received from other government entities. The Bond Redemption Fund is used to account for property tax collections used to pay off the District's general obligation debt. Other governmental funds, classified as non-major funds include the Food Service Fund, Student Activity Fund, COP Debt Service Fund, and Capital Projects Capital Reserve Fund.

The District adopts an annual appropriated budget for each of the individual governmental funds. Budgetary Comparison Schedules of each fund are reported as Supplementary Information and can be found after the Required Supplementary Information section of this report.

Adams County School District 14
Management's Discussion and Analysis
June 30, 2024

NOTES TO THE BASIC FINANCIAL STATEMENTS

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

OTHER INFORMATION

In addition to the financial statements and accompanying notes, this report also contains Supplementary Information concerning the District's Non-Major Governmental Fund. The Budget to Actual schedules are presented after the Required Supplementary Information to the Financial Statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The assets of the District are classified as current assets or non-current assets. Cash and investments, receivables, prepaid expenses and inventories are current assets available to provide resources for the near-term operations of the District. Non-current assets include capital assets depreciated and not depreciated. Capital assets are used in the operations of the District and include buildings, land, machinery and equipment. The District also has deferred outflows of resources, which include deferred pension outflows and deferred charges resulting from the refunding of debt. These deferred outflows will not provide resources for near-term operations of the District, but instead represent the delayed recording of expenses as required by generally accepted accounting principles.

As noted earlier, Net Position may serve over time as a useful indicator of a government's financial position.

Adams County School District 14
Management's Discussion and Analysis
June 30, 2024

Adams County School District 14
Statement of Net Position
For June 30, 2024 and 2023

	Total	
	2024	2023
Assets:		
Current and Other Assets	\$ 33,471,984	\$ 43,073,010
Capital Assets	<u>102,806,310</u>	<u>104,517,285</u>
Total Assets	<u>136,278,294</u>	<u>147,590,295</u>
Deferred Outflows of Resources		
Deferred Outflow Pension	25,421,839	25,849,173
Deferred Outflow OPEB	444,159	642,698
Deferred Charge on Refunding	<u>4,010,990</u>	<u>4,563,269</u>
Total Deferred Outflows of Resources	<u>29,876,988</u>	<u>31,055,140</u>
Liabilities:		
Current Liabilities	6,788,076	15,857,306
Non-Current Liabilities	<u>204,507,675</u>	<u>189,490,109</u>
Total Liabilities	<u>211,295,751</u>	<u>205,347,415</u>
Deferred Inflow of Resources		
Deferred Inflow Pension	8,808,839	19,538,601
Deferred Inflow OPEB	<u>1,335,432</u>	<u>1,482,876</u>
Total Deferred Inflows of Resources	<u>10,144,271</u>	<u>21,021,477</u>
Net Position:		
Net Investment in Capital Assets	50,883,778	46,999,387
Restricted	11,844,031	10,294,835
Unrestricted	<u>(118,012,549)</u>	<u>(105,017,679)</u>
Total Net Position	<u>\$ (55,284,740)</u>	<u>\$ (47,723,457)</u>

GOVERNMENT-WIDE ACTIVITIES

Governmental activities decreased the Net Position of the District during the current fiscal year. As discussed earlier this is largely reflective of the change in the PERA Pension Plan Liability, Deferred Outflows and Deferred Inflows. While these are the basic areas causing the increase in our Net Position, we believe that our discussion of the overall change in the General Fund balance provided later in this document provides more relevant financial information regarding the fiscal activity at the District during the year and we direct the user to that section for further discussion.

The main sources of governmental revenue for the primary government are local Property Tax, State Equalization payments and Grants. Property Taxes and Specific Ownership taxes account for 43% of the revenue received by the District while the State Equalization payments account for 26% of the general revenue received. Operating Grants and Contributions and other sources, including general revenue grants, account for the remaining 31% of revenue.

Adams County School District 14
Management's Discussion and Analysis
June 30, 2024

Within the Government Wide Financial Statements, revenues were up by \$13.5 million or 31% from fiscal year 2023 to 2024. Operating Grants received by the District showed an increase of \$4.9 million, while Grants Not Restricted to Specific Programs showed an increase of \$919,499. The District did see a decrease of Investment Earnings of \$106,424 as interest rates decreased in the fiscal year 2024. The previously discussed increase of PERA pension liability affected every category of the government wide expenses, as it is the District's policy to proportionately spread the effect of the change in pension liability according to current year actual expenditures in each category.

Adams County School District 14
Management's Discussion and Analysis
June 30, 2024

Adams County School District 14
Changes in Net Position
For June 30, 2024 and 2023

	Total	
	2024	2023
REVENUES		
Program Revenues		
Charges for Services	\$ 858,342	\$ 1,047,616
Operating Grants and Contributions	27,024,456	23,685,461
General Revenues		
Taxes:		
Property Taxes	44,479,411	38,728,658
Specific Ownership Taxes	2,041,108	2,410,530
Grants Not Restricted to Specific Programs	4,056,835	3,137,336
State Equalization	28,539,450	33,747,145
Investment Earnings	518,205	624,629
Gain on Disposal	-	(9,424,189)
Miscellaneous	<u>1,043,488</u>	<u>4,287,193</u>
Total Revenues	<u>108,561,295</u>	<u>98,244,379</u>
EXPENSES		
Instructional services	55,574,002	46,550,405
Operation and Maintenance	14,233,149	16,488,347
Pupil Services	3,877,960	3,105,953
Central Support Services	6,255,822	7,010,148
School Administration	6,574,010	6,065,270
Instructional Support	14,877,104	10,219,604
Pupil Transportation	2,318,820	2,232,831
Business Administration	2,113,563	1,527,915
General Administration	2,293,093	5,447,554
Community Services	569,591	659,039
Other Support Services	178,413	424,069
Nutrition Services	5,222,143	4,148,759
Capital Outlay Expensed	534,681	2,223,508
Adult Education	47	8,181
Architecture and Engineering Services	27,862	-
Interest and Fiscal Charges	<u>1,472,318</u>	<u>1,293,370</u>
Total Expenses	<u>116,122,578</u>	<u>107,404,953</u>
Change in Net Position	<u>(7,561,283)</u>	<u>(9,160,574)</u>
Net Position - Beginning	<u>(47,723,457)</u>	<u>(38,562,883)</u>
Net Position - Ending	<u>\$ (55,284,740)</u>	<u>\$ (47,723,457)</u>

Adams County School District 14
Management's Discussion and Analysis
June 30, 2024

FUND FINANCIAL ANALYSIS

Adams County School District 14 uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the District's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the District's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year the District's governmental funds reported a combined ending fund balance of \$26,595,878.

Major Governmental Funds

General Fund

The General Fund is the major operating fund of the District, providing the majority of the resources for the educational and support programs. Revenues for the General Fund totaled \$82 million in fiscal year 2023-24 compared to \$80 million in fiscal year 2022-23, an increase of 3%, which is reflective of the increased At-Risk Fund revenue, Increased ECEA funding, and assessed valuation rates in the District.

	FY2023-24	FY2022-23	Amount of Change	Percentage of Change
Revenues				
Federal				
Impact Aid	\$ 4,056,835	\$ 3,137,336	\$ 919,499	29.3%
Subtotal	<u>4,056,835</u>	<u>3,137,336</u>	<u>919,499</u>	29.3%
State				
Equalization Payments	28,539,450	33,747,145	(5,207,695)	-15.4%
Vocational Education	73,532	135,932	(62,400)	-45.9%
Exceptional Children's Act (ECEA)	2,606,351	2,397,950	208,401	8.7%
Transportation Reimbursement	622,062	507,503	114,559	22.6%
ELPA Reimbursement	646,456	566,784	79,672	14.1%
Other	<u>3,712,615</u>	<u>69,057</u>	<u>3,643,558</u>	5276.2%
Subtotal	<u>36,200,466</u>	<u>37,424,371</u>	<u>(1,223,905)</u>	-3.3%
Local				
Property Taxes	38,116,996	32,388,590	5,728,406	17.7%
Specific Ownership	2,041,108	2,410,530	(369,422)	-15.3%
Charge for Services	335,220	503,408	(168,188)	0.0%
Miscellaneous	1,041,617	3,768,202	(2,726,585)	-72.4%
Investment Income	<u>229,373</u>	<u>430,999</u>	<u>(201,626)</u>	-46.8%
Subtotal	<u>41,764,314</u>	<u>39,501,729</u>	<u>2,262,585</u>	5.7%
Total Revenues	<u>\$ 82,021,615</u>	<u>\$ 80,063,436</u>	<u>\$ 1,958,179</u>	2.4%

Adams County School District 14
Management's Discussion and Analysis
June 30, 2024

Fiscal year 2023-24 General Fund expenditures, which include the accrual for teacher salaries and benefits, totaled \$79 million, compared to \$81.9 million in fiscal year 2022-23. This represents a decrease of \$2.9 million (3.5%) from the previous fiscal year. The increase mainly represents the increase in Instructional services costs and discontinuing use of Corona Virus Relief Fund (CRF). The following table compares expenditures for fiscal years 2023-24 and 2022-23 using the modified accrual basis of accounting.

	<u>FY2023-24</u>	<u>FY2022-23</u>	<u>Amount of Change</u>	<u>Percentage of Change</u>
Expenditures				
Instructional Services	\$ 40,762,397	\$ 40,881,752	\$ (119,355)	-0.3%
Operations and Maintenance	9,442,570	10,269,348	(826,778)	-8.1%
Pupil Services	2,426,241	2,360,589	65,652	2.8%
Central Support Services	5,617,630	6,910,674	(1,293,044)	-18.7%
School Administration	5,759,935	6,549,781	(789,846)	-12.1%
Instructional Support	8,275,191	6,538,500	1,736,691	26.6%
Pupil Transportation	2,022,594	2,424,552	(401,958)	-16.6%
Business Administration	1,861,106	1,794,115	66,991	3.7%
General Administration	1,872,149	3,658,377	(1,786,228)	-48.8%
Other Supporting Services	178,413	74,845	103,568	138.4%
Community Services	489,930	277,679	212,251	76.4%
Food service Operations	328,990	189,404	139,586	73.7%
Adult Education	47	-	47	0.0%
Architecture and Engineering	27,862	-	27,862	0.0%
Total Expenditures	<u>\$ 79,065,055</u>	<u>\$ 81,929,616</u>	<u>\$ (2,864,561)</u>	-3.5%

Grants Fund

The Grants Fund, a special revenue fund, maintains a separate accounting for Federal, State and local grant-funded programs which may have a different fiscal period than that of the District. Funds are received for a specific purpose to address a particular student group or need related to student achievement. The funds must be supplemental to the efforts of the District and are not used to supplant District funding responsibilities. Specific rules, statutes and regulations guide these programs, and the money received is accounted for independently of local budget funds. Board of Education policy regulates the application and receipt of these funds. Fiscal year 2023-24 grant revenues totaled \$16.4 million and expenditures totaled \$15.2 million compared to grant revenues of \$16.3 million and expenditures of \$17.5 million in the 2022-23 fiscal year. The decrease was due to the discontinuation of Coronavirus Relief Fund (CRF) and various other smaller local grants that were available during the Pandemic. The Elementary and Secondary School Emergency Relief (ESSER) funds are still available, but the use of ESSER II will expire in September 2023 and ESSER III in September 2024.

Bond Redemption Fund

The Bond Redemption Fund is used to account for the requirements of the general obligation bonds. The primary revenue source is a voter approved mill levy to satisfy principal and interest requirements on the debt. Principal and interest payments were \$6.2 million for fiscal year 2023-24 compared to \$6.2 million for fiscal year 2022-23.

Adams County School District 14
Management's Discussion and Analysis
June 30, 2024

GENERAL FUND BUDGETARY HIGHLIGHTS

The proposed budget for fiscal year 2023-24 was presented and approved by the Board of Education on June 25, 2023, with total General Fund appropriations of \$81,380,620 including appropriated fund balance of \$21,852,159. This compares to the prior year ending total appropriations of \$94,194,268 with \$21,245,852 being appropriated fund balance.

Total actual revenues were \$8.5 million more than final budgeted revenues. Variances are explained by an increase in Property Taxes by \$5.3 million, offset by an increase in State revenue of \$1 million, including Equalization payments.

Total operating expenditures were \$6.5 million over final appropriations. In addition, due to the short staffing and still existing effect from the Covid 19 pandemic, the District saw budgets overspent generally across the District at year-end while deadlines and cutoffs for spending were kept tight to limit wasteful spending.

The District monitors and controls budgets comprising two components, amounts budgeted within department or building budgets (budget control groups) and amounts not included in department or building budgets, typically salaries and benefits as FTE, but also including other unreleased budget items such as budget contingency. The amounts budgeted within the District in fiscal year 2023-24 totaled \$72.4 million. The actual amount spent in the General Fund was \$79 million. The variances between budgeted and actual General Fund expenses resulted in an increase in the General Fund fund balance in the current year.

CAPITAL ASSETS AND DEBT ADMINISTRATION

At June 30, 2024, the District had total bonded debt outstanding of \$46,085,000 backed by the full faith and credit of the District. In November 2006, the voters in our District approved \$78 million in general obligation bonds along with a 6.876 mill levy increase to fund the construction of a new high school, install air conditioning in schools that did not already have it, expanded our full-day kindergarten facilities and upgraded our middle school science labs. The final \$3.375 million of general obligation bonds were issued on January 3, 2008. In fiscal year 2012-13, the District issued 2013 Refunding bonds to advance refund a portion of the 2006 series bonds and take advantage of a lower available interest rate. The District again took advantage of low interest rates in 2014-15 to issue \$11,590,000 in refunding bonds and refunded \$12,435,000 worth of series 2007 and series 2008 general obligation bonds. In December of 2018, the District issued \$6,729,407 in Certificates of Participation payable from the General fund which will be used as a portion of the District match required for the BEST, Building Excellent Schools Today, grant award the District received to replace the Alsup elementary building. Finally, in January of 2021 the District refinanced portions of the outstanding debt from the 2013 series and 2015 series refunding bonds totaling \$41,135,000 with refunding bonds of \$47,095,000 saving the District over \$3.2 million dollars by lowering the overall debt service requirements due to the lower interest rates.

Additional information on the District's capital assets and debt administration can be found in Note 6 of this report.

Adams County School District 14
Management's Discussion and Analysis
June 30, 2024

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

The largest source of revenue for the District's operating funds is derived from the Public School Finance Act funding formula. In April 1994, the Colorado state legislature enacted the Public School Finance Act of 1994, which remains in effect. Funding is based on a statewide base per pupil funding formula that is adjusted for individual school districts by recognizing differences in personnel costs, non-personnel costs, local cost of living and school district size. Additional funding is also provided based on the presence of at-risk pupils, starting in FY 2010-11, a new factor was introduced in the school finance formula due to the statewide budget challenges facing Colorado at the time. This new factor named the "Negative Factor" reduces the amount of funding districts would have received prior to this factor's application.

One factor likely to fluctuate however is the District's pupil count, which has been declining by approximately 4% per year and will move significantly as the District works through the State turnaround process. Lost revenue is partially mitigated by the State funding formula which uses a five-year average pupil count in districts with ongoing declining enrollment, however as the declining enrollment trend continues the District will eventually feel the full impact on lost students in its funded pupil count.

The Economic Forecast indicates an approaching risk in the coming year related to at-risk funding, where rising inflation absent legislative changes will likely decrease the District's Free and Reduced lunch eligible percentage which will negatively impact funding. The positive news within the governors November proposed budget which indicated that for fiscal year 24-25 the legislators reduced the negative factor providing the District up over a million dollars in additional income.

In addition to the concerns noted surrounding pupil count and at-risk funding it is noted the District's mill levy override is lower than most other Adams County Districts and remains on the far lower end when compared to other Denver/Boulder area District's. This offsets additional funding received for at-risk or ELL students when comparing Adams 14 to other districts and represents a significant competitive disadvantage for the District as it attempts to compete with surrounding districts on academic results.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of Adams County School District 14's finances for all those with an interest in the District. Questions concerning any of the information provided in this report, requests for the financial statements of the District's component unit, or requests for additional information should be addressed to:

Division of Financial Services
Adams County School District 14
5291 East 60th Avenue
Commerce City, Colorado 80022-3203

Basic Financial Statements

Adams County School District 14
Statement of Net Position
June 30, 2024

	<u>Governmental Activities</u>
Assets	
Cash and Investments	\$ 28,411,548
Accounts Receivable	1,062,426
Property Taxes Receivable	1,099,962
Due from Other Governments	2,506,753
Inventories	385,548
Prepaid Expenses	5,747
Capital Assets, <i>Not Being Depreciated</i>	9,823,821
Capital Assets, <i>Net of Accumulated Depreciation</i>	<u>92,982,489</u>
Total Assets	<u>136,278,294</u>
Deferred Outflows of Resources	
Loss on Debt Refunding, <i>Net of Accumulated Amortization</i>	4,010,990
Pensions, <i>Net of Accumulated Amortization</i>	25,421,839
OPEB, <i>Net of Accumulated Amortization</i>	<u>444,159</u>
Total Deferred Outflows of Resources	<u>29,876,988</u>
Liabilities	
Accounts Payable	2,093,079
Retainage Payable	218,734
Accrued Salaries and Benefits	4,404,911
Accrued Interest Payable	71,352
Noncurrent Liabilities	
Due Within One Year	6,633,031
Due in More Than One Year	52,032,869
Net OPEB Liability	3,438,468
Net Pension Liability	<u>142,403,307</u>
Total Liabilities	<u>211,295,751</u>
Deferred Inflows of Resources	
Pensions, <i>Net of Accumulated Amortization</i>	8,808,839
OPEB, <i>Net of Accumulated Amortization</i>	<u>1,335,432</u>
Total Deferred Inflows of Resources	<u>10,144,271</u>
Net Position	
Net Investment in Capital Assets	50,883,778
Restricted for:	
Debt Service	9,419,031
Emergencies	2,425,000
Unrestricted	<u>(118,012,549)</u>
Total Net Position	<u>\$ (55,284,740)</u>

See Notes to the Financial Statements.

Adams County School District 14
Statement of Activities
For the Year Ended June 30, 2024

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Change in Net Position
		Charges for Services	Operating Grants and Contributions	Governmental Activities
<i>Governmental Activities</i>				
Instruction Services	\$ 55,574,002	\$ -	\$ 20,276,701	\$ (35,297,301)
Supporting Services				
Operations and Maintenance	14,233,149	-	-	(14,233,149)
Pupil Services	3,877,960	-	2,279,355	(1,598,605)
Central Support Services	6,255,822	-	-	(6,255,822)
School Administration	6,574,010	-	-	(6,574,010)
Instructional Staff	14,877,104	-	-	(14,877,104)
Pupil Transportation	2,318,820	-	622,062	(1,696,758)
Business Administration	2,113,563	-	-	(2,113,563)
General Administration	2,293,093	-	113,990	(2,179,103)
Community Services	569,591	858,342	-	288,751
Other Supporting Services	178,413	-	-	(178,413)
Food Service Operations	5,222,143	-	3,732,348	(1,489,795)
Capital Outlays Expensed	534,681	-	-	(534,681)
Adult Education	47	-	-	(47)
Architecture and Engineering Services	27,862	-	-	(27,862)
Interest on Long-Term Debt	1,472,318	-	-	(1,472,318)
Total Governmental Activities	<u>\$ 116,122,578</u>	<u>\$ 858,342</u>	<u>\$ 27,024,456</u>	<u>(88,239,780)</u>
General Revenues				
Taxes:				
Property Taxes				44,479,411
Specific Ownership Taxes				2,041,108
Grants not				
Restricted to Specific Programs				4,056,835
State equalization				28,539,450
Investment Income				518,205
Miscellaneous				1,043,488
				<u>80,678,497</u>
Change in Net Position				(7,561,283)
Net Position, Beginning of Year				<u>(47,723,457)</u>
Net Position, End of Year				<u>\$ (55,284,740)</u>

Adams County School District 14
Balance Sheet
Governmental Funds
June 30, 2024

	General	Grants	Bond Redemption	Nonmajor Governmental Funds	Total
Assets					
Cash and Investments	\$ 13,714,455	\$ 5,156,648	\$ 9,142,793	\$ 397,652	\$ 28,411,548
Accounts Receivable	631,033	-	-	431,393	1,062,426
Property Taxes Receivable	865,207	-	234,755	-	1,099,962
Due from Other Funds	7,120,065	-	390	764,728	7,885,183
Due from Other Governments	100,000	2,337,115	-	69,638	2,506,753
Inventories	127,792	-	-	257,756	385,548
Prepaid Expenses	1,472	-	-	4,275	5,747
Total Assets	\$ 22,560,024	\$ 7,493,763	\$ 9,377,938	\$ 1,925,442	\$ 41,357,167
Liabilities					
Accounts Payable	\$ 669,519	\$ 236,719	\$ -	\$ 1,186,841	\$ 2,093,079
Retainage Payable	-	-	-	218,734	218,734
Accrued Salaries and Benefits	4,280,138	47,791	-	76,982	4,404,911
Unearned Revenues	-	60,174	-	-	60,174
Due to Other Funds	-	7,132,781	-	752,402	7,885,183
Total Liabilities	4,949,657	7,477,465	-	2,234,959	14,662,081
Deferred Inflows of Resources					
Property Taxes	28,245	-	70,963	-	99,208
Fund Balances					
Nonspendable:					
Inventories	127,792	-	-	257,756	385,548
Prepaid Expenses	1,472	-	-	4,275	5,747
Restricted for:					
Debt Service	-	-	9,306,975	112,445	9,419,420
Emergencies	2,425,000	-	-	-	2,425,000
Committed	-	-	-	1,637,418	1,637,418
Unassigned	15,027,858	16,298	-	(2,321,411)	12,722,745
Total Fund Balances	17,582,122	16,298	9,306,975	(309,517)	26,595,878
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 22,560,024	\$ 7,493,763	\$ 9,377,938	\$ 1,925,442	\$ 41,357,167

Adams County School District 14
 Reconciliation of the Balance Sheet of Governmental
 Funds to the Statement of Net Position
 For the Year Ended June 30, 2024

**Amounts Reported for Governmental Activities in the
 Statement of Net Position are Different Because:**

Total Fund Balances of Governmental Funds	\$ 26,595,878
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds.	102,806,310
Long-term assets are not available to pay current year expenditures and, therefore, are deferred in governmental funds. This amount represents property taxes earned but not available as current financial resources.	159,382
Long-term liabilities and related items are not due and payable in the current year and, therefore, are not reported in governmental funds:	
Loss on debt refunding	4,010,990
Accrued interest payable	(71,352)
Bonds payable	(46,085,000)
Bonds premiums	(53,722)
Certificates of Participation	(5,491,531)
Capital lease	(4,303,269)
Accrued compensated absences and early retirement	(2,732,378)
Net pension liability	(142,403,307)
Pension-related deferred outflows of resources	25,421,839
Pension-related deferred inflows of resources	(8,808,839)
Net OPEB liability	(3,438,468)
OPEB-related deferred outflows of resources	444,159
OPEB-related deferred inflows of resources	<u>(1,335,432)</u>
Total Net Position of Governmental Activities	<u>\$ (55,284,740)</u>

Adams County School District 14
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2024

	General	Grants	Bond Redemption	Nonmajor Governmental Funds	Total
Revenues					
Federal Sources	\$ 4,056,835	\$ 13,325,641	\$ -	\$ 3,441,509	\$ 20,823,985
State Sources	36,200,466	2,978,458	-	589,543	39,768,467
Local Sources					
Taxes	38,116,996	-	7,389,731	-	45,506,727
Specific Ownership Taxes	2,041,108	-	-	-	2,041,108
Charges for services	335,220	138,616	-	384,506	858,342
Miscellaneous	1,041,617	18	-	1,853	1,043,488
Investment income	229,373	-	288,832	-	518,205
	<u>82,021,615</u>	<u>16,442,733</u>	<u>7,678,563</u>	<u>4,417,411</u>	<u>110,560,322</u>
Total Revenues					
Expenditures					
Current					
Instructional service	40,762,397	7,312,867	-	1,086,482	49,161,746
Operations and maintenance	9,442,570	103,459	-	269,205	9,815,234
Pupil services	2,426,241	1,228,740	-	-	3,654,981
Central support services	5,617,630	272,460	-	30,320	5,920,410
School administration	5,759,935	(4,689)	-	-	5,755,246
Instructional support	8,275,191	5,513,455	-	-	13,788,646
Pupil transportation	2,022,594	48,319	-	-	2,070,913
Business administration	1,861,106	25,291	-	5,768	1,892,165
General administration	1,872,149	692,568	-	-	2,564,717
Other supporting services	178,413	-	-	-	178,413
Community services	489,930	19,409	-	-	509,339
Food service operations	328,990	120	-	4,502,570	4,831,680
Adult Education	47	-	-	-	47
Architecture and Engineering Services	27,862	-	-	-	27,862
Capital outlay	-	-	-	1,799,628	1,799,628
Debt Service					
Principal	-	-	5,425,000	570,369	5,995,369
Interest and Fiscal Charges	-	-	783,952	316,153	1,100,105
	<u>79,065,055</u>	<u>15,211,999</u>	<u>6,208,952</u>	<u>8,580,495</u>	<u>109,066,501</u>
Total Expenditures					
Revenues Over (Under) Expenditures	2,956,560	1,230,734	1,469,611	(4,163,084)	1,493,821
Transfers in	-	-	-	3,338,191	3,338,191
Transfers (out)	(3,335,854)	-	-	(2,337)	(3,338,191)
Net Change in Fund Balances	(379,294)	1,230,734	1,469,611	(827,230)	1,493,821
Fund Balances, Beginning of Year	17,961,416	(1,214,436)	7,837,364	517,713	25,102,057
Fund Balances, End of Year	\$ <u>17,582,122</u>	\$ <u>16,298</u>	\$ <u>9,306,975</u>	\$ <u>(309,517)</u>	\$ <u>26,595,878</u>

See Notes to the Financial Statements.

Adams County School District 14
 Reconciliation of the Statement of Revenues,
 Expenditures and Changes in Fund Balances of Governmental Funds
 to the Statement of Activities
 For the Year Ended June 30, 2024

**Amounts Reported for Governmental Activities in the
 Statement of Activities are Different Because:**

Net Change in Fund Balances of Governmental Funds	\$ 1,493,821
<p>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:</p>	
Capital asset additions	2,431,036
Depreciation expense	(4,142,011)
<p>Revenues that do not provide current financial resources are deferred in the governmental fund financial statements but are recognized in the government-wide financial statements. This amount represents the change in deferred property taxes.</p>	
	(2,053,407)
<p>The repayment of long-term debt principal is an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net position and does not affect the statement of activities.</p>	
Bond principal	5,425,000
Certificates of participation principal	266,082
Capital lease principal	267,542
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. This includes the changes in the following:</p>	
Accrued interest payable	27,790
Amortization of bond premiums	189,021
Amortization of loss on debt refunding	(552,279)
Accrued compensated absences and early retirement	382,944
Net pension liability	(22,203,486)
Pension-related deferred outflows of resources	(427,334)
Pension-related deferred inflows of resources	10,729,762
Net OPEB liability	655,331
OPEB-related deferred outflows of resources	(198,539)
OPEB-related deferred inflows of resources	<u>147,444</u>
Change in Net Position	<u><u>\$ (7,561,283)</u></u>

Adams County School District 14
Notes to Financial Statements
June 30, 2024

Note 1: Summary of Significant Accounting Policies

The financial statements of Adams County School District 14 (the District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental entities. The Governmental Accounting Standards Board (GASB) is the acceptable standard-setting body for establishing governmental accounting and financial reporting principles.

A summary of the District's significant policies consistently applied in the preparation of these financial statements follows. These policies are presented to assist the reader in interpreting the financial statements and other data in the report. The policies are considered essential and should be read in conjunction with the accompanying financial statements.

Reporting Entity

As directed by the Governmental Accounting Standards Board, the financial reporting entity as presented consists of the District and organizations which District Administration feels would be misleading to exclude from this report. All funds, organizations, institutions, agencies, departments and offices that are not legally separate are part of the District. In addition, if there were any legally separate organizations for which the District was financially accountable, they would be considered part of the reporting entity. Financial accountability exists if the District appoints a voting majority of the organization's governing board and is able to impose its will on the organization, or if the organization provides benefits to or imposes financial burdens on the District. The District has no organizations included in this financial statement based on financial accountability.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Exceptions to this general rule are charges for interfund services that are reasonably equal to the services provided. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support; however, at this time, the District has no business-type activities.

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

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the District's government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Adams County School District 14

Notes to Financial Statements

June 30, 2024

Note 1: Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Governmental fund financial statements are reported using the current financial resources *measurement focus* and *the modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Property tax revenues are considered to be available if collected within 60 days after year-end. All other revenues are considered to be available in the period earned if the receipt of the money is expected to be collected within 180 days.

Property taxes, specific ownership taxes, grants 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. All other revenue items are considered to be measurable and available only when the District receives cash.

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

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 that are required to be accounted for in another fund. This fund would typically be used to liquidate pension and OPEB liabilities if required.

The *Grants Fund* is provided to maintain a separate accounting for fully funded Federal, State and local grant programs. The Grants fund is considered a special revenue fund as it is established for a revenue source restricted in use to grant purposes.

The *Bond Redemption Fund* is provided to maintain a separate accounting for the District's bond principal and interest payments using property taxes dedicated for debt service.

The District reports the following non-major funds:

The *COP Debt Service Fund* is provided to maintain a separate accounting for the District's COP principal and interest payments using funds transferred from the General Fund and dedicated for debt service.

Adams County School District 14

Notes to Financial Statements

June 30, 2024

Note 1: Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

(Continued)

The *Fee Supported Fund* accounts for the revenue and expenditures of the adult education program, District printshop, before and after daycare programs and community use of district facilities.

The *Athletics and Activities Fund* accounts for the revenue and expenditures associated with middle and high school funded athletic programs. In addition, the Athletics and Activities fund is used to account for resources legally held in trust for use by individual school administration for selected programs. All resources of the fund, including any earnings on invested resources, may be used to support the school activities. There is no requirement that any portion of these resources be preserved as capital.

The *Food Services Fund* accounts for the financial activities associated with the District's school breakfast and lunch programs. Revenues in this fund are mainly reimbursements from the State Department of Education for meals served.

The *Capital Projects Building Fund* accounts for Board approved building activities financed with Certificates of Participation.

The *Capital Reserve Capital Projects Fund* accounts for Board approved capital outlay and routine preventative and repair maintenance.

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Fund Balance

Deposits and Investments - Investments are either measured at net asset value, which approximates fair value, or at amortized cost in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*.

Receivables - All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

Property and Specific Ownership Tax Receivables - All trade and property tax receivables are shown net of an allowance for uncollectible representing 1% of expected revenue, for fiscal year 2024 this amount was \$363,740.

The County (Adams County Treasurer) bills and collects property taxes for all taxing districts within the County. Property tax receipts are remitted to the District in the subsequent month. The taxes are recorded as a receivable and reported as deferred inflow of resources if not available.

The County collects specific ownership taxes on motor vehicles registered within the District's assessment area. Tax receipts collected by the County are remitted to the District in the subsequent month.

Adams County School District 14

Notes to Financial Statements

June 30, 2024

Note 1: Summary of Significant Accounting Policies (Continued)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Fund Balance (Continued)

Interfund Receivables/Payables - During the course of operations, certain transactions occur between individual funds. The resulting receivables and payables are classified in the fund financial statements as *interfund receivables* and *interfund payables*.

Due from Other Governments - The District records amounts expected to be received from other governments, including amounts receivable for reimbursement of grant expenditures, as due from other governments.

Prepaid Items - Payments made to vendors for services that will benefit periods beyond year-end are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of payment, and an expenditure/expense is reported in the year in which the services are consumed.

Inventories - General Fund purchased inventories are stated at cost, determined by the first-in-first-out cost method and recorded under the consumption method. Inventory in the General Fund consists of expendable supplies held for consumption. Expenditures for supplies are recorded upon delivery of these items to the various schools and departments from the District warehouse.

Food Service Fund purchased inventories are stated at cost, determined by the first-in-first-out cost method and recorded under the consumption method. Expenses for food items are recorded when used.

Capital Assets - Capital assets, which include property and equipment, are reported in the applicable governmental activities column in the government-wide financial statements. The District defines capital assets as assets with an individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at acquisition cost or estimated acquisition cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value.

The costs of minor repairs are not capitalized. Costs of major repairs (repairs over \$100,000) are added to the carrying amount of the repaired asset and depreciated over the remaining life of that asset. Roof repairs and asphalt repairs are never considered sufficient to extend the useful life of the underlying asset.

Property and equipment of the District is depreciated using the straight line method over the following estimated useful lives:

Buildings and Improvements	15 - 40 years
Machinery and Equipment	3 - 8 years

Adams County School District 14

Notes to Financial Statements

June 30, 2024

Note 1: Summary of Significant Accounting Policies (Continued)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Fund Balance (Continued)

Accrued Salaries and Benefits - Salaries and retirement benefits of certain contractually employed personnel are paid over a twelve-month period from August through July but are incurred over the school year, which is approximately ten months. Accordingly, the accrued compensation is reflected as a liability in the General, Athletic, Grants, Food Service and Fee Supported Funds in the accompanying fund financial statements.

Unearned Revenues - Unearned revenues arise when resources are received by the District before it has legal claim to them or when assets are not available as current financial resources in the governmental funds. Grant funds that have been collected but the corresponding expenditures have not been incurred are reported as unearned revenues.

Deferred Outflows/Inflows of Resources - In addition to assets, the statement of net position and fund balance sheets will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period(s) and thus, will not be recognized as an outflow of resources (expense/expenditure) until then. The District has three items that qualify for reporting in this category. They are the deferred charge on refunding, the deferred OPEB outflow and the deferred pension outflow reported in the statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. The deferred pension & OPEB outflows consists of several pension & OPEB related items including the accumulated payments made to reduce the District's liabilities at PERA after the measurement date used to record the net pension liability and OPEB, the difference between projected and actual earnings on pension plan and Health Care Trust Fund investments or projected and actual pension & OPEB experience, and changes assumptions and other inputs. The deferred pension & OPEB outflows will be recorded as pension or OPEB expense or a reduction of the pension or OPEB liability in the next year's pension & OPEB liability calculations. The deferred charge on refunding amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

Adams County School District 14

Notes to Financial Statements

June 30, 2024

Note 1: Summary of Significant Accounting Policies (Continued)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Fund Balance (Continued)

In addition to liabilities, the statement of net position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes and these amounts are deferred and will be recognized as an inflow of resources in the period in which the amounts become available. The District also has two items, deferred inflow pension and deferred inflow OPEB, which arise only under the full accrual basis of accounting that qualifies for reporting in this category. Accordingly, that item is reported only on the Statement of Net Position. The deferred inflow of resources is related to experience, assumptions and change in proportionate share for the pension and OPEB and will reduce future pension or OPEB expense.

Compensated Absences - Vacation pay is accrued for eligible classified, support & technical and administrative personnel according to agreements between the District and each employee group. For the classified personnel, the largest group in the District, this is at a rate based upon years of service. District policy allows eligible classified employees to accumulate up to thirty (30) days of vacation leave and eligible support & technical and administrative employees to accumulate up to forty (40) days of vacation leave. Payment is made to eligible employees upon separation with the District.

Sick pay is accumulated for all certified, classified, support & technical and administrative and full-time personnel. District policy allows certified and classified employees to accumulate up to 90 days of unused sick leave, while admin and support & technical employees can accumulate up to 120 days. Payment is made to employees upon separation with the District and is paid out at an employee's per diem rate for 50% of the unused leave. Sick pay is reported as a liability in the government-wide financial statements. Beginning in fiscal year 2018 certified employees were required to have 5 years of continuous employment to qualify for a payout.

The District provides a financial incentive for early retirement to employees with at least 20 years of continuous full-time service with the District. The retirement request must be submitted to the District no later than five years after they qualify. The maximum salary on which the early retirement benefit will be computed shall be the employee's twentieth (20th) year salary. The early retirement incentive is equal to eighty percent (80%) of the twentieth-year salary. The retirement incentive is made in three (3) equal annual installments. Early retirement is reported as a liability in the government-wide financial statements upon acceptance by the retiring employees and as a liability in the fund financial statements when due.

Adams County School District 14

Notes to Financial Statements

June 30, 2024

Note 1: Summary of Significant Accounting Policies (Continued)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Fund Balance (Continued)

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

Postemployment Benefits Other Than Pensions (OPEB) - The District participates in the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit OPEB fund administered by the Public Employees' Retirement Association of Colorado (PERA). The net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, information about the fiduciary net position (FNP), and additions to/deductions from the FNP of the HCTF's 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.

Long-Term Obligations - In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts are amortized over the life of the bonds using the interest method.

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 debt issued along with any premium or discount is reported as other financing sources while issue costs are recorded as expenditures when debt is issued.

Net Position/Fund Balances - In the government-wide and fund financial statements, net position and fund balances are restricted when constraints placed on the use of resources are externally imposed.

In the fund financial statements, fund balances of the governmental funds are classified as follows:

Nonspendable - amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted - amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Adams County School District 14
Notes to Financial Statements
June 30, 2024

Note 1: Summary of Significant Accounting Policies (Continued)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Fund Balance (Continued)

Committed - amounts that can be used only for specific purposes determined by a formal action of the Board of Education. The Board of Education is the highest level of decision-making authority for the District. Commitments may be established, modified, or rescinded only through resolutions approved by the Board of Education. In the General Fund the Committed fund balance is a board reserved 5% of expenditures.

Assigned - amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the Board of Education’s adopted policy DBB, the Board of Education delegates to the Superintendent or his/her designee the authority to designate as assigned amounts intended to be used for specific purposes.

Unassigned - all other spendable amounts. A negative unassigned fund balance may be reported in other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes. Per Board policy DBB the District will maintain a minimum unassigned fund balance in its general fund of five percent of the current year’s budgeted expenditures.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board of Education has provided otherwise in its commitment or assignment actions.

Subsequent Events

The District has evaluated subsequent events through December 31, 2024, the date the financial statements were available to be issued.

Note 2: Cash and Investments

At June 30, 2024, the District had the following cash and investments:

Cash	\$	2,925
Deposits		1,122,717
Investments		<u>27,285,906</u>
 Total	 \$	 <u><u>28,411,548</u></u>

Adams County School District 14

Notes to Financial Statements

June 30, 2024

Note 2: Cash and Investments (Continued)

Deposits

The Colorado Public Deposit Protection Act (PDPA) requires local government entities to deposit cash in eligible public depositories. Eligibility is determined by State regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. The PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution or held in trust for all uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. At June 30, 2024, the District had bank deposits of \$2,792,864 collateralized with securities held by the financial under the PDPA.

Investments

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

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

Interest Rate Risk - Interest rate risk is the extent to which changes in interest rates will adversely affect the fair value of an investment. State statutes generally limit the maturity of investment securities to five years from the date of purchase unless the governing board authorizes the investment for a period in excess of five years. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District's investment policy follows State statutes.

Credit Risk - The risk that an insurer or other counterparty to an investment will not fulfill its obligations. The District's investment policy and State statutes limit direct investments in U.S. government agency securities to the highest rating issued by at least two nationally recognized statistical rating organizations (NRSROs). The District's investment policy and state statutes also limit investments of money market funds to those that maintain a constant share price, with a maximum remaining maturity in accordance with Rule 29-7, and either have assets of one billion dollars or the highest rating issued by a NRSRO. In addition, repurchase agreements must be collateralized at no less than 102% of the market value with U.S. agency or treasury securities.

Adams County School District 14

Notes to Financial Statements

June 30, 2024

Note 2: Cash and Investments (Continued)

Investments (Continued)

Concentration of Credit Risk - The risk of loss is attributed to the magnitude of a government's investment in a single issuer. This risk occurs when investments are not diversified. State statutes do not limit the amount the District may invest in a single issuer of investment securities, except for corporate securities. District policy states that its intent is to maintain a proportionate mix of investments of no more than 25% of the total investment portfolio in Jumbo CDs and 75% of the total in government securities. Of the portion invested in government securities no more than one-third may be in government agency securities. At June 30, 2024, all of the District's investments were in CSIP, CSAFE or Colotrust which invests in a mix of these security types.

Local Government Investment Pools - At June 30, 2024, the District had \$27,285,906 invested in the Colorado Local Government Liquid Asset Trust (Colotrust). The pools are investment vehicles established for local government entities in Colorado to pool surplus funds. The Colorado Division of Securities administers and enforces the requirements of creating and operating the pools. The pools operate in conformity with the Securities and Exchange Commission's Rule 2a-7. The pools are measured at the net asset value per share, with each share valued at \$1. The pools are rated AAAM by Standard and Poor's. Investments of the pools are limited to those allowed by State statutes. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. The custodian's internal records identify the investments owned by the participating governments.

CSIP - As of June 30, 2024, the District had invested \$9,142,793 in the Colorado Local Government Liquid Asset Trust (CSIP) an investment vehicle established for local governmental entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund and each share is equal in value to \$1.00. CSIP is rated AAAM by Fitch. Investments are limited to those allowed by State statutes. A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as a safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. The Trust records its investments at fair value and the District records its investment in the Trust using the net asset value method. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

Adams County School District 14
Notes to Financial Statements
June 30, 2024

Note 3: Property Taxes

Under Colorado law, all property taxes become due and payable in the year following that in which they are levied. Property taxes are recognized as revenue based upon when received by the County Treasurer. The 2024 fiscal year property tax calendar for Adams County was as follows:

Assessor certifies total assessed valuation	December 10, 2023
Levy date	December 15, 2023
Lien date	January 1, 2024
Tax bills mailed	January 15, 2024
First installment due	February 28, 2024
Second installment due	June 15, 2024
If paid in full, due	April 30, 2024
Tax sale: Delinquent property taxes	November 6, 2024

Note 4: Interfund Balances and Transactions

Interfund balances at June 30, 2024, were as follows:

Fund	Due To	Due (From)
General	\$ 7,120,065	\$ -
Grants	-	(7,132,781)
Bond Redemption	390	-
Nonmajor Governmental	<u>764,728</u>	<u>(752,402)</u>
Total	<u>\$ 7,885,183</u>	<u>\$ (7,885,183)</u>

The District maintains a pooled cash account that all funds use to deposit money into and write checks out of. Periodically, usually monthly, an accounting and settlement is made of all applicable interfund transactions. A due to interfund balance represents the net amount owed to other funds for transactions incurred since the last settlement. A due from interfund balance represents the net amount due from other funds for transactions incurred since the last settlement.

The District made interfund transfers during the year as directed by the Board approved annual budget mainly to provide funding in the appropriate fund for capital projects such as the recently completed roofing projects.

Interfund transfer activity for the year ended June 30, 2024 is as follows:

Fund	Transfers In	Transfers (Out)
General	\$ -	\$ (3,335,854)
Nonmajor Governmental	<u>3,338,191</u>	<u>(2,337)</u>
Total	<u>\$ 3,338,191</u>	<u>\$ (3,338,191)</u>

Adams County School District 14
Notes to Financial Statements
June 30, 2024

Note 5: Capital Assets

Capital asset activity for the year ended June 30, 2024, is summarized below:

	Balance 6/30/23	Additions	Deletions	Balance 6/30/24
Governmental Activities				
<i>Capital Assets, Not Being Depreciated</i>				
Land	\$ 8,647,082	\$ -	\$ -	\$ 8,647,082
Construction in Progress	-	1,176,739	-	1,176,739
Total Capital Assets, Not Being Depreciated	8,647,082	1,176,739	-	9,823,821
<i>Capital Assets, Being Depreciated</i>				
Buildings	166,889,131	739,867	(18,744,428)	148,884,570
Machinery and Equipment	13,121,755	514,430	-	13,636,185
Total Capital Assets, Being Depreciated	180,010,886	1,254,297	(18,744,428)	162,520,755
<i>Less Accumulated Depreciation</i>				
Buildings	(75,102,323)	(3,528,895)	18,744,428	(59,886,790)
Machinery and Equipment	(9,038,360)	(613,116)	-	(9,651,476)
Total Accumulated Depreciation	(84,140,683)	(4,142,011)	18,744,428	(69,538,266)
Total Capital Assets, Being Depreciated, net	95,870,203	(2,887,714)	-	92,982,489
Governmental Activities Capital Assets, net	\$ 104,517,285	\$ (1,710,975)	\$ -	\$ 102,806,310

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

Instruction	\$ 89,468
Supporting Services	4,052,543
Total	\$ 4,142,011

Note 6: Long-Term Debt

Following is a summary of long-term debt transactions for the year ended June 30, 2024.

	Balance 6/30/23	Additions	Deletions	Balance 6/30/24	Due Within One Year
Governmental Activities					
<i>General Obligation Bonds</i>					
2013 GO Refunding Bonds	\$ 4,425,000	\$ -	\$ (4,425,000)	\$ -	\$ -
2015 GO Refunding Bonds	2,070,000	-	-	2,070,000	2,070,000
2021 GO Refunding Bonds	45,015,000	-	(1,000,000)	44,015,000	3,395,000
2013 Bond Premium	137,705	-	(137,705)	-	-
2015 Bond Premium	105,038	-	(51,316)	53,722	51,316
Certificates of Participation	5,757,613	-	(266,082)	5,491,531	276,441
Capital Leases	4,570,811	-	(267,542)	4,303,269	299,365
Compensated Absences	2,638,765	-	(123,212)	2,515,553	369,318
Compensated Absences	476,557	-	(259,732)	216,825	171,591
Total	\$ 65,196,489	\$ -	\$ (6,530,589)	\$ 58,665,900	\$ 6,633,031

Adams County School District 14

Notes to Financial Statements

June 30, 2024

Note 6: Long-Term Debt (Continued)

Compensated absences and early retirement are expected to be liquidated primarily with revenues of the General Fund.

General Obligation Bonds

On March 11, 2013, the District issued \$62,245,000 of General Obligation Refunding Bonds, Series 2013, with interest rates ranging from 2.000% to 5.250% to refund a portion of the District's outstanding General Obligation, Series 2006 bonds. Principal payments are due annually beginning on December 1, 2013, through 2031. Interest payments are due semi-annually on June 1 and December 1, with interest accruing at rates ranging from 2.0% to 5.25%.

On April 14, 2015, the District issued \$11,590,000 of General Obligation Refunding Bonds, Series 2015, with interest rates ranging from 2.000% to 5.000% to refund the District's outstanding General Obligation, Series 2007 bonds and a portion of the Series 2008 bonds. Principal payments are due beginning with a payment on December 1, 2015; however, the remaining principal payments will be made annually beginning December 1, 2015 through 2027. Interest payments are due semi-annually on June 1 and December 1, with interest accruing at rates ranging from 2.0% to 5.00%.

On January 27, 2021, the District issued \$47,095,000 of Taxable General Obligation Refunding Bonds, Series 2021, with interest rates ranging from 0.221% to 1.701%, to refund the District's outstanding General Obligation Refunding Bonds, Series 2013 and Series 2015. Interest payments are due semi-annually on June 1 and December 1, with interest accruing at rates ranging from 0.221% to 1.701%. The Series 2021 Bonds are not subject to optional redemption prior to maturity. The overall reduction in debt service because of the refunding is \$3,407,390, which has a net present value of \$3,176,555.

The net proceeds of \$46,737,694, after issuance costs of \$121,831, were used to: (i) advance refund \$33,615,000 of the Series 2013 Bonds with a total principal amount of \$46,390,000 and interest rates ranging from 2.000% to 5.250%, (ii) advance refund \$7,520,000 of the Series 2015 Bonds with a total principal amount of \$9,590,000 and interest rates ranging from 2.000% to 5.000%, (iii) pay the costs of issuing the Bonds. Both of the Refunded Bonds have optional redemption. The Series 2013 Bonds maturing on and before December 1, 2023, are not subject to redemption prior to their maturity dates, but the bonds maturing on and after December 1, 2024 are subject to redemption prior to maturity dates. The Series 2015 Bonds maturing on and before December 1, 2025 are not subject to redemption prior to the maturity dates, but the bonds maturing on and after December 1, 2025 are subject to redemption prior to maturity dates. The redemption price is equal to the principal amount plus any accrued interest through the redemption date. The principal amount of \$12,775,000 for Series 2013 Bonds and \$2,070,000 for Series 2015 Bonds were not part of the refunding. Principal payments of \$4,100,000, \$4,250,000, \$4,425,000, and \$2,070,000 remain to be paid on their respective maturity dates of December 1, 2021, 2022, 2023, and 2024.

Adams County School District 14
Notes to Financial Statements
June 30, 2024

Note 6: Long-Term Debt (Continued)

General Obligation Bonds (Continued)

The District's General Obligation bonds all have provisions which could in the event of a default of non-payment would provide remedies to bond holders as directed by judicial actions that may include immediate payment of the full obligation.

On December 6, 2018, the District issued \$6,729,407 of BEST (Building Excellent Schools Today) matching money Certificates of Participation (COP's). The COP's have a 3.893% interest rate. Principal payments are due annually on December 1 beginning in 2019 and running through 2038. The COP's serve as a portion of the District's match on the BEST grant program where the District was awarded approximately \$19 million of BEST grant funds to construct a new Alsup Elementary School. The land where the new Alsup building is now built is the collateral for the COP's.

The following schedule reflects the debt service requirements to maturity for the District's general obligation bonded debt and Certificates of Participation at June 30, 2024:

Year Ended June 30,	General Obligation Bonds			Certificates of Participation		
	Principal	Interest	Total	Principal	Interest	Total
2025	\$ 5,465,000	\$ 594,099	\$ 6,059,099	\$ 276,441	\$ 208,404	\$ 484,845
2026	5,590,000	510,802	6,100,802	287,203	197,433	484,636
2027	5,635,000	461,887	6,096,887	298,383	186,035	484,418
2028	5,690,000	400,881	6,090,881	310,000	174,192	484,192
2029	5,795,000	327,513	6,122,513	322,068	161,889	483,957
2030-2034	17,910,000	445,200	18,355,200	1,808,462	607,467	2,415,929
2035-2039	-	-	-	2,188,974	219,547	2,408,521
Total	\$ 46,085,000	\$ 2,740,382	\$ 48,825,382	\$ 5,491,531	\$ 1,754,967	\$ 7,246,498

The District entered into a Master Lease agreement on July 2, 2018 for a total of \$179,936 of white fleet vehicles, all of which was capitalized. The gross carrying amount is \$187,922 with accumulated depreciation of \$70,471. Lease payments are due monthly beginning August 1, 2018 through October 1, 2023 with interest accruing at 1.65% per annum. The lease has been capitalized at the present value of future lease payments. The capital lease is an obligation of the Capital Reserve Capital Projects fund.

The District entered into a Lease agreement on January 18, 2019 for a total of \$511,940 of yellow fleet vehicles, all of which was capitalized. The gross carrying amount is \$558,276 with accumulated depreciation of \$174,461. Lease payments are due annually beginning January 22, 2019 through January 22, 2023 with interest accruing at 4.53% per annum. The lease has been capitalized at the present value of future lease payments. The capital lease is an obligation of the Capital Reserve Capital Projects fund.

The District entered into a Lease agreement on March 15, 2020 for a total of \$320,641 of yellow fleet vehicles, all of which was capitalized. The gross carrying amount of the buses is \$320,641 with accumulated depreciation of \$60,120. Lease payments are due annually beginning March 15, 2020 through March 15, 2024 with interest accruing at 2.61% per annum. The lease has been capitalized at the present value of future lease payments. The capital lease is an obligation of the Capital Reserve Capital Projects fund.

Adams County School District 14

Notes to Financial Statements

June 30, 2024

Note 6: Long-Term Debt (Continued)

General Obligation Bonds (Continued)

The District entered into an energy performance contract on March 5, 2021 with Trane U.S. Inc. for a total of \$5,036,592. The project is being capitalized to Construction in Progress as work is completed. The project includes but is not limited to lighting upgrades, HVAC systems, water/sewer improvements and energy management systems. Lease payments are due annually beginning on March 5, 2022 through March 5, 2036 with interest accruing at 1.99% per annum. The capital lease is an obligation of the Capital Reserve Capital Projects fund.

The following schedule reflects the future minimum lease payments required under lease obligations as of June 30, 2024:

2025	\$	360,865
2026		385,000
2027		397,000
2028		400,000
2029		404,000
2030-2033		2,062,325
2034-2037		<u>1,237,395</u>
Total minimum lease payments	\$	5,246,585
Less: Interest portion		<u>(943,316)</u>
Present Value of Minimum lease payments		
Total	\$	<u><u>4,303,269</u></u>

Note 7: Risk Management

Colorado School Districts Self Insurance Pool

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

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

Adams County School District 14

Notes to Financial Statements

June 30, 2024

Note 8: Defined Benefit Pension Plan

General Information

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, 2023 - 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:

- 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 percent match on eligible amounts as of the retirement date. This amount is then annualized 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:

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

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

Members may elect to withdraw their member contribution accounts upon termination of employment with all PERA employers; waiving rights to any lifetime retirement benefits earned. If eligible, the member may receive a match of either 50 percent or 100 percent 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.

Adams County School District 14

Notes to Financial Statements

June 30, 2024

Note 8: Defined Benefit Pension Plan (Continued)

General Information (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 a disability. The disability benefit amount is based on the lifetime retirement benefit formula(s) shown above considering a minimum of 20 years of service credit, if deemed disabled.

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

Contributions provisions as of June 30, 2024- 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 01, 2023 through June 30, 2024. The District's contribution rate was 21.40% of covered salaries for July 01, 2023 through June 30, 2024. However, a portion of the District's contribution (1.02% of covered salaries) is allocated to the Health Care Trust Fund (See Note 9). Contribution rates for the SCHDTF are expressed as a percentage of salary as defined in C.R.S. § 24-51-101(42).

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from the District were \$10,430,406 for the year ended June 30, 2024.

Adams County School District 14

Notes to Financial Statements

June 30, 2024

Note 8: Defined Benefit Pension Plan (Continued)

General Information (Continued)

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 \$225 million (actual dollars) direct distribution each year to PERA starting on July 1, 2018. 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 direct distribution from the State was suspended in 2020. To compensate PERA for the suspension, C.R.S. § 24-51-414(6-8) required restorative payment by providing an accelerated payment in 2022. In 2022, the State Treasurer issued payment for the direct distribution of \$225 million plus an additional amount of \$380 million. Due to the advanced payment made in 2022, the State reduced the distribution in 2023 to \$35 million. Additionally, the newly added C.R.S. § 24-51-414(9) providing compensatory payment of \$14.561 million for 2023 only.

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

The net pension liability for the SCHDTF was measured at December 31, 2023, and the total pension liability (TPL) used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2022. Standard update procedures were used to roll forward the TPL to December 31, 2023. The District's proportion of the net pension liability was based on the District's contributions to the SCHDTF for the calendar year, 2023 relative to the total contributions of participating employers and State as a nonemployer contributing entity.

At June 30, 2024, the District reported a liability of \$142,403,307, 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:

Proportionate share of net pension liability	\$ 145,525,789
The State's proportionate share of net pension liability as a nonemployer contributing entity associated with the District	<u>(3,122,482)</u>
District Proportionate share of the net pension liability	<u>\$ 142,403,307</u>

At December 31, 2023, the District's proportion was 0.8052927037% which was an increase of 0.0236197345% from its proportion measured at December 31, 2022.

Adams County School District 14

Notes to Financial Statements

June 30, 2024

Note 8: Defined Benefit Pension Plan (Continued)

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

For the year ended 2024, the District recognized pension expense of \$3,702,603 and benefit of \$292,282 for support from the State as a nonemployer contributing entity. At June 30, 2024 the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 6,752,622	\$ -
Net difference between projected and actual earnings on plan investments	10,208,111	-
Changes in proportion	2,523,363	8,808,839
Contributions subsequent to the measurement date	5,937,743	-
 Total	 \$ 25,421,839	 \$ 8,808,839

\$5,937,743 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30,			
2025		\$	(2,903,214)
2026			6,533,179
2027			9,891,595
2028			(2,846,303)
 Total		 \$	 10,675,257

Adams County School District 14

Notes to Financial Statements

June 30, 2024

Note 8: Defined Benefit Pension Plan (Continued)

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

Actuarial Assumptions - The TPL in the December 31, 2022, actuarial valuation was determined using the following actuarial assumptions and other inputs.

Actuarial Cost method	Entry age
Price inflation	2.3%
Real wage growth	0.7%
Wage inflation	3.0%
Salary increases, including wage inflation	3.4% - 11.0%
Long-term investment rate of return, net of plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Future post-employment benefit increases:	
Hired prior to 1/1/2007	1.00%
Hired after 12/31/2006	Financed by AIR

The mortality tables described below are generational mortality tables developed on a benefit-weighted basis.

Pre-retirement mortality assumptions were based upon the PubT-2010 Employee Table with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions were based upon the PubT-2010 Healthy Retiree Table, adjusted as follows:

- Males: 112% of the rates prior to age 80 and 94% of the rates for ages 80 and older, with generational projection using scale MP-2019.
- Females: 83% of the rates prior to age 80 and 106% of the rates for ages 80 and older, with generational projection using scale MP-2019.

Post-retirement non-disabled beneficiary mortality assumptions were based upon the PubT-2010 Contingent Survivor Table, adjusted as follows:

- Males: 97% of the rates for all ages, with generational projection using scale MP-2019.
- Females: 105% of the rates for all ages, with generational projection using scale MP-2019.

Disabled mortality assumptions were based upon the PubNS-2010 Disabled Retiree Table using 99% of the rates for all ages with generational projection using scale MP-2019.

The actuarial assumptions used in the December 31, 2022, 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.

Adams County School District 14

Notes to Financial Statements

June 30, 2024

Note 8: Defined Benefit Pension Plan (Continued)

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

The long-term expected return on plan assets is reviewed as part of regularly scheduled experience studies prepared at least every five years and asset/liability studies performed every three to five years for PERA. The most recent analyses were outlined in the Experience Study report dated October 28, 2020.

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 percentage and then adding expected inflation.

The PERA Board first adopted the 7.25 percent 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 Board's November 15, 2019, meeting, to be effective January 1, 2020. 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	54.00%	5.60%
Fixed Income	23.00%	1.30%
Private Equity	8.50%	7.10%
Real Estate	8.50%	4.40%
Alternatives	6.00%	4.70%
Total	<u>100.00%</u>	

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 rate of return assumption of 7.25%.

Adams County School District 14

Notes to Financial Statements

June 30, 2024

Note 8: Defined Benefit Pension Plan (Continued)

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

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

- The 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, the total covered payroll was assumed to increase annually at a rate of 3.00%.
- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the scheduled increases in Senate Bill (SB) 18-200 and required adjustments resulting from the 2018 and 2020 AAP assessments. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the scheduled increase in SB 18-200, required adjustments resulting from the 2018 and 2020 AAP assessments. Employer contributions also include the 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 in the middle of the year.
- Beginning with the December 31, 2023 measurement date and thereafter, the FNP as of the current measurement date is used as a starting point for the GASB 67 projection test.

Adams County School District 14

Notes to Financial Statements

June 30, 2024

Note 8: Defined Benefit Pension Plan (Continued)

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

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

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	\$ 190,416,912	\$ 142,403,307	\$ 102,365,773

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

Note 9: Postemployment Healthcare Benefits (OPEB)

General Information

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

Adams County School District 14
Notes to Financial Statements
June 30, 2024

Note 9: Postemployment Healthcare Benefits (OPEB) (Continued)

General Information (Continued)

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

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

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

PERA Benefit Structure

The maximum service-based premium subsidy is \$230 per month for benefit recipients who are under 65 years of age and who are not entitled to Medicare; the maximum service-based subsidy is \$115 per month for benefit recipients who are over 65 years of age 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 by 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.

Adams County School District 14
Notes to Financial Statements
June 30, 2024

Note 9: Postemployment Healthcare Benefits (OPEB) (Continued)

General Information (Continued)

DPS Benefit Structure

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

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

Contributions - Pursuant to Title 24, Article 51, Section 208(1)(f) of the CRS, 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 \$522,032, for the year ended June 30, 2024.

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

At June 30, 2024 the District reported a liability of \$3,438,468 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2023, and the total OPEB liability (TOL) used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2022. Standard update procedures were used to roll forward the TOL to December 31, 2023. The District's proportion of the net OPEB liability was based on the District's contributions to the HCTF for the calendar year ended December 31, 2023, relative to the total contributions of participating employers to the HCTF.

At December 31, 2023, the District's proportion was 0.4817630672%, which was a decrease of 0.0251902565% from its proportion measured at December 31, 2022.

Adams County School District 14

Notes to Financial Statements

June 30, 2024

Note 9: Postemployment Healthcare Benefits (OPEB) (Continued)

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

For the year ended June 30, 2024, the District recognized OPEB expense of \$131,591. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 704,765
Changes in assumptions and other inputs	40,436	364,590
Net difference between projected and actual earnings on plan investments	106,352	-
Changes in proportion	193	266,077
Contributions subsequent to the measurement date	297,178	-
Total	\$ 444,159	\$ 1,335,432

\$297,178 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

Year Ended June 30,		
2025		\$ (484,113)
2026		(293,755)
2027		(187,740)
2028		(144,837)
2029		(52,002)
2030		(26,004)
Total		\$ (1,188,451)

Adams County School District 14

Notes to Financial Statements

June 30, 2024

Note 9: Postemployment Healthcare Benefits (OPEB) (Continued)

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

Actuarial Assumptions - The TOL in the December 31, 2022 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.3%
Real wage growth	0.7%
Wage inflation	3.0%
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	
<i>PERA benefit structure:</i>	
Service-based premium subsidy	0.0%
PERACare Medicare plans	
7.00% in 2023, gradually decreasing to 4.50% in 2033	
Medicare Part A premiums:	
3.50% in 2023, gradually increasing to 4.50% in 2035	
<i>DPS benefit structure:</i>	
Service-based premium subsidy	0.0%
PERACare Medicare plans	N/A
Medicare Part A premiums	N/A

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

The 2023 Medicare Part A premium is \$506 per month.

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

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

Adams County School District 14

Notes to Financial Statements

June 30, 2024

Note 9: Postemployment Healthcare Benefits (OPEB) (Continued)

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

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and industry methods developed by health plan actuaries and administrators. In addition, projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services are referenced in the development of these rates. Effective December 31, 2022, the health care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

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

<u>Year</u>	<u>PERACare Medicare Plans</u>	<u>Medicare Part A Premiums</u>
2023	7.00%	3.50%
2024	6.75%	3.50%
2025	6.50%	3.75%
2026	6.25%	3.75%
2027	6.00%	4.00%
2028	5.75%	4.00%
2029	5.50%	4.00%
2030	5.25%	4.25%
2031	5.00%	4.25%
2032	4.75%	4.25%
2033	4.50%	4.25%
2034	4.50%	4.25%
2035+	4.50%	4.50%

Mortality assumptions used in the December 31, 2022, valuation for the determination of the total pension liability for each of the Division Trust Funds as shown below, reflect generational mortality and were applied, as applicable, in the determination of the TOL for the HCTF, but developed on a headcount-weighted basis. Affiliated employers of the State, School, Local Government, and Judicial Divisions participate in the HCTF.

Pre-retirement mortality assumptions for the State and Local Government Divisions (members other than Safety Officers) were based upon the PubG-2010 Employee Table with generational projection using scale MP-2019.

Pre-retirement mortality assumptions for Safety Officers were based upon the PubS-2010 Employee Table with generational projection using scale MP-2019.

The pre-retirement mortality assumptions for the School Division were based upon the PubT-2010 Employee Table with generational projection using scale MP-2019.

Adams County School District 14

Notes to Financial Statements

June 30, 2024

Note 9: Postemployment Healthcare Benefits (OPEB) (Continued)

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

Pre-retirement mortality assumptions for the Judicial Division were based upon the PubG-2010(A) Above-Median Employee Table with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for the State and Local Government Divisions (members other than Safety Officers) were based upon the PubG-2010 Healthy Retiree Table, adjusted as follows:

- Males: 94% of the rates prior to age 80 and 90% of the rates for ages 80 and older, with generational projection using scale MP-2019.
- Females: 87% of the rates prior to age 80 and 107% of the rates for ages 80 and older, with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for Safety Officers were based upon the unadjusted PubS-2010 Healthy Retiree Table, with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for the School Division were based on the upon the PubT-2010 Healthy Retiree Table, adjusted as follows:

- Males: 112% of the rates prior to age 80 and 94% of the rates for ages 80 and older, with generational projection using scale MP-2019.
- Females: 83% of the rates prior to age 80 and 106% of the rates for ages 80 and older, with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for the Judicial Division were based upon the unadjusted PubG-2010(A) Above-Median Healthy Retiree Table with generational projection using scale MP-2019.

Post-retirement non-disabled beneficiary mortality assumptions were based upon the Pub-2010 Contingent Survivor Table, adjusted as follows:

- Males: 97% of the rates for all ages, with generational projection using scale MP-2019.
- Females: 105% of the rates for all ages, with generational projection using scale MP-2019.

Disabled mortality assumptions for members other than Safety Officers were based upon the PubNS-2010 Disabled Retiree Table using 99% of the rates for all ages with generational projection using scale MP-2019.

Disabled mortality assumptions for Safety Officers were based upon the unadjusted PubS-2010 Disabled Retiree Table with generational projection using scale MP-2019.

Adams County School District 14

Notes to Financial Statements

June 30, 2024

Note 9: Postemployment Healthcare Benefits (OPEB) (Continued)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (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, 2022, valuation date for those PERACare enrollees under the PERA benefit structure who are expected to be age 65 and older and are not eligible for premium-free Medicare Part A benefits have been updated to reflect costs for the 2023 plan year.
- The morbidity rates used to estimate individual retiree and spouse costs by age and by gender were updated effective for the December 31, 2022 actuarial valuation. The revised morbidity rate factors are based on a review of historical claims experience by age, gender, and status (active versus retired) from actuary's claims data warehouse.
- The health care cost trend rates applicable to health care premiums were revised to reflect the then-current expectation of future increases in those premiums.

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

The actuarial assumptions used in the December 31, 2022, valuation were based on the results of the 2020 experience analysis, dated October 28, 2020 and November 4, 2020, for the period January 1, 2016, through December 31, 2019. Revised economic and demographic assumptions were adopted by PERA's Board on November 20, 2020.

The long-term expected return on plan assets is reviewed as part of regularly scheduled experience studies performed at least every five years, and asset/liability studies, performed every three to five years for PERA. The most recent analyses were outlined in the Experience Study report dated October 28, 2020.

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 Board's November 15, 2019, meeting, to be effective January 1, 2020. 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 as presented previously (See Note 8).

Adams County School District 14

Notes to Financial Statements

June 30, 2024

Note 9: Postemployment Healthcare Benefits (OPEB) (Continued)

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

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

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2023, measurement date.
- The 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, the 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 in the middle of the year.
- Beginning with the December 31, 2023 measurement date and thereafter, the FNP as of the current measurement date is used as a starting point for the GASB 74 projection test.
- 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 Department as a PERA-affiliated employer, effective December 31, 2022. As of the December 31, 2023, year-end, PERA recognized two additions for accounting and financial reporting purposes: a \$24 million payment received on December 4, 2023, and a \$2 million receivable. The employer disaffiliation payment and receivable allocations to the HCTF and Local Government Division Trust Fund were \$1.033 million and \$24.967 million, respectively.

Based on the above assumptions and methods, the FNP for the HCTF was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25% on OPEB plan investments was applied to all periods of projected benefit payments to determine the TOL. The discount rate determination 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.

Adams County School District 14

Notes to Financial Statements

June 30, 2024

Note 9: Postemployment Healthcare Benefits (OPEB) (Continued)

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

Sensitivity of the District's proportionate share of 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, as follows:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	\$ 4,061,263	\$ 3,438,468	\$ 2,905,667

Sensitivity of the District's proportionate share of the net OPEB liability to changes in the Healthcare Cost Trend Rates - The following presents the net OPEB liability using the current healthcare cost trend rates applicable to the PERA benefit structure, ranging from 3.00% to 7.25%, as well as if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current rates, as follows:

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
Proportionate share of the net OPEB liability	\$ 3,339,779	\$ 3,438,468	\$ 3,545,820

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

Note 10: Commitments and Contingencies

TABOR Amendment

In November 1992, the voters of the State of Colorado approved Article X, Section 20 to the State Constitution. This amendment is referred to as the Taxpayer's Bill of Rights (TABOR). TABOR contains tax, spending, revenue and debt limitations, which apply to the State of Colorado and all local governments.

TABOR requires, with certain exceptions, voter approval prior to imposing new taxes, increasing a tax rate, imposing a mill levy that will produce property tax revenue in excess of the amount collected in the previous year adjusted by the growth factor, extending an expiring tax or implementing a tax policy change which directly causes a net tax revenue gain.

Adams County School District 14
Notes to Financial Statements
June 30, 2024

Note 10: Commitments and Contingencies (Continued)

TABOR Amendment (Continued)

Except for bond refinancing at lower interest rates or adding employees to existing pension plans, TABOR specifically prohibits the creation of multiple-fiscal year debt or other financial obligations without voter approval or without irrevocably pledging present cash reserves for all future payments.

In November 1999, the voters approved a ballot issue authorizing the District to “collect, retain and expend all excess revenues and other funds collected in the 1999-2000 budget year and in each subsequent budget year thereafter, notwithstanding the limitations of Article X, Section 20 of the Colorado Constitution or any other law, with the restriction that no local tax rate or property tax mill levy shall be increased without voter approval.”

TABOR requires the District to maintain an emergency reserve of 3 percent of fiscal year eligible Expenditures. At June 30, 2024, the District has restricted fund balance of \$2,425,000 in the General Fund and restricted Net Position in the government-wide financial statements.

The District believes it complies with the requirements of TABOR. However, TABOR is complex and subject to interpretation. Ultimate interpretation may depend upon litigation and legislative guidance.

Operating Agreement

The District entered into an operating agreement with the City of Commerce City (the City) for a building, which was renovated to be a preschool. The agreement requires an annual payment of \$12, which is renewing every year with no stated end date. The property will revert to the City at the end of the agreement. The District is responsible for the utilities and maintenance on the property and those expenditures are included in the General Fund.

Grants

The District participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental entities. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the District may be required to reimburse the grantor government. At June 30, 2024, significant amounts of grant expenditures have not been audited but the District believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the District.

Claims and Judgments

The District is involved in various pending or threatened litigation. The outcome of the litigation cannot be predicted at this time.

Adams County School District 14

Notes to Financial Statements

June 30, 2024

Note 10: Commitments and Contingencies (Continued)

Construction Commitment

The District had ongoing construction at June 30, 2024 for the replacement of Alsup Elementary. The total outstanding commitment at year-end was \$87,723 of this amount, the District will pay 42% and the State of Colorado BEST (Building Excellent Schools Today) program will pay the remaining 58% as part of the BEST grant award the District received in June of 2018. The District's 42% or \$35,089 was funded by a transfer from the General fund and by the issuance of the 2018 Certificates of Participation. The District's funds that will be used to pay this commitment are shown as Cash (with fiscal agent) within the Capital Projects Building fund.

The District also had ongoing construction at June 30, 2024 related to the energy performance lease project. The total outstanding commitment at year-end was \$676,833. The district's funds remaining from the lease agreement with Sterling Bank held in the Capital Reserve Capital Projects fund will be used to pay this commitment. No funds are expected to be remaining from the lease issuance after project completion.

Required Supplementary Information

Adams County School District 14
Required Supplementary Information
Schedule of Proportionate Share of the Net Pension Liability and Contributions
Public Employees' Retirement Association of Colorado School Division Trust Fund
June 30, 2024

Measurement Date	<u>12/31/23</u>	<u>12/31/22</u>	<u>12/31/21</u>	<u>12/31/20</u>	<u>12/31/19</u>
Proportionate Share of the Net Pension Liability					
District's Proportion of the Net Pension Liability	0.8052927037%	0.6600952890%	0.7816729692%	0.8767255302%	0.7987460000%
Net Pension Liability					
District's Proportionate Share of the	\$ 142,403,307	\$ 120,199,821	\$ 90,966,144	\$ 132,543,217	\$ 119,330,922
State's Proportionate Share	<u>3,122,482</u>	<u>35,027,436</u>	<u>10,428,107</u>	<u>-</u>	<u>15,135,610</u>
Total Proportionate Share of the	<u>\$ 145,525,789</u>	<u>\$ 155,227,257</u>	<u>\$ 101,394,251</u>	<u>\$ 132,543,217</u>	<u>\$ 134,466,532</u>
Net Pension Liability					
District's Covered Payroll	\$ 53,237,113	\$ 50,879,990	\$ 48,850,428	\$ 46,814,175	\$ 46,858,775
District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll					
	267%	236%	186%	283%	255%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability					
	65%	62%	75%	67%	65%
Reporting Date	<u>6/30/24</u>	<u>6/30/23</u>	<u>6/30/22</u>	<u>6/30/21</u>	<u>6/30/20</u>
District Contributions					
Statutorily Required Contribution	\$ 10,430,406	\$ 11,007,929	\$ 9,743,764	\$ 9,412,575	\$ 9,051,473
Contributions in Relation to the Statutorily Required Contribution	<u>(10,430,406)</u>	<u>(11,007,929)</u>	<u>(9,743,764)</u>	<u>(9,412,575)</u>	<u>(9,051,473)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 51,179,603	\$ 54,012,679	\$ 49,000,111	\$ 47,346,958	\$ 46,705,228
Contributions as a Percentage of Covered Payroll	20.38%	20.38%	19.89%	19.88%	19.38%

This schedule is presented to show information for 10 years.

(Continued)

Adams County School District 14
 Required Supplementary Information
 Schedule of Proportionate Share of the Net Pension Liability and Contributions
 Public Employees' Retirement Association of Colorado School Division Trust Fund
 June 30, 2024
 (Continued)

Measurement Date	<u>12/31/18</u>	<u>12/31/17</u>	<u>12/31/16</u>	<u>12/31/15</u>	<u>12/31/14</u>
Proportionate Share of the Net Pension Liability					
District's Proportion of the Net Pension Liability	0.8300620000%	0.9612200000%	1.0026760000%	1.0349140000%	1.0685340000%
Net Pension Liability					
District's Proportionate Share of the State's Proportionate Share	\$ 146,979,577	\$ 310,824,522	\$ 298,535,421	\$ 158,282,838	\$ 144,822,259
	<u>20,097,416</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Proportionate Share of the Net Pension Liability	<u>\$ 167,076,993</u>	<u>\$ 310,824,522</u>	<u>\$ 298,535,421</u>	<u>\$ 158,282,838</u>	<u>\$ 144,822,259</u>
District's Covered Payroll	\$ 45,468,953	\$ 44,188,524	\$ 44,869,373	\$ 45,100,841	\$ 44,773,404
District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	323%	703%	665%	351%	323%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	57%	44%	43%	59%	63%
Reporting Date	<u>6/30/19</u>	<u>6/30/18</u>	<u>6/30/17</u>	<u>6/30/16</u>	<u>6/30/15</u>
District Contributions					
Statutorily Required Contribution	\$ 8,916,526	\$ 8,372,757	\$ 8,122,695	\$ 8,070,745	\$ 7,414,954
Contributions in Relation to the Statutorily Required Contribution	<u>(8,916,526)</u>	<u>(8,372,757)</u>	<u>(8,122,695)</u>	<u>(8,070,745)</u>	<u>(7,414,954)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 46,610,170	\$ 44,348,577	\$ 44,196,792	\$ 45,520,276	\$ 43,927,451
Contributions as a Percentage of Covered Payroll	19.13%	18.88%	18.38%	17.73%	16.88%

This schedule is presented to show information for 10 years.

Adams County School District 14

Notes to Schedule of Proportionate Share of the Net Pension Liability and Contributions June 30, 2024

Note 1: Significant Changes in Plan Provisions Affecting Trends in Actuarial Information

2023 Changes in Plan Provisions Since 2022

- Senate Bill (SB) 23-056, enacted and effective June 2, 2023, intended to recompense PERA for the remaining portion of the \$225 million direct distribution originally scheduled for receipt July 1, 2020, suspended due to the enactment of House Bill (HB) 20-1379, but not fully repaid through the provisions within HB 22-1029. Pursuant to SB 23-056, the State Treasurer issued a warrant consisting of the balance of the PERA Payment Cash Fund, created in § 24-51-416, plus \$10 million from the General Fund, totaling \$14.561 million.
- As of the December 31, 2023, measurement date, the total pension liability (TPL) recognizes the change in the default method applied for granting service accruals for certain members, from a "12-pay" method to a "non-12-pay" method. The default service accrual method for positions with an employment pattern of at least eight months but fewer than 12 months (including, but not limited to positions in the School and DPS Divisions) receive a higher ratio of service credit for each month worked, up to a maximum of 12 months of service credit per year.

2022 Changes in Plan Provisions Since 2021

- 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 to \$35,000,000. The July 1, 2024, direct distribution will not be reduced from \$225,000 due to a negative investment return in 2022.

2021 Changes in Plan Provisions Since 2020

- 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.

2020 Changes in Plan Provisions Since 2019

- HB 20-1379, enacted on June 29, 2020, suspended the \$225,000,000 direct distribution payable on July 1, 2020 for the State's 2020-21 fiscal year.

2019 Changes in Plan Provisions Since 2018

- 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%.

Adams County School District 14

Notes to Schedule of Proportionate Share of the Net Pension Liability and Contributions
June 30, 2024

Note 1: Significant Changes in Plan Provisions Affecting Trends in Actuarial Information (Continued)

2018 Changes in Plan Provisions Since 2017

- 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 non-employer 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.

2017 Changes in Plan Provisions Since 2016

- There were no changes made to the plan provisions applicable to the School Division Trust Fund.

2016 Changes in Plan Provisions Since 2015

- There were no changes made to the plan provisions applicable to the School Division Trust Fund.

2015 Changes in Plan Provisions Since 2014

- There were no changes made to the plan provisions applicable to the School Division Trust Fund.

2014 Changes in Plan Provisions Since 2013

- There were no changes made to the plan provisions applicable to the School Division Trust Fund.

Note 2: Significant Changes in Assumptions or Other Inputs Affecting Trends in Actuarial Information

2023 Changes in Assumptions or Other Inputs Since 2022

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

2022 Changes in Assumptions or Other Inputs Since 2021

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

2021 Changes in Assumptions or Other Inputs Since 2020

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

Adams County School District 14

Notes to Schedule of Proportionate Share of the Net Pension Liability and Contributions
June 30, 2024

Note 2: Significant Changes in Assumptions or Other Inputs Affecting Trends in Actuarial Information (Continued)

2020 Changes in Assumptions of Other Inputs Since 2019

- The price inflation assumption was lowered from 2.40% to 2.30%.
- The wage inflation assumption was lowered from 3.50% to 3.00%.
- The real rate of investment return assumption was increased to 4.95% per year, net of investment expenses from 4.85% per year, net of investment expenses.
- Salary scale assumptions were revised to align with revised economic assumptions and to more closely reflect actual experience.
- 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 follows:
 - Males: 112% of the rates prior to age 80 and 94% of the rates for ages 80 and older, with generational projection using scale MP-2019.
 - Females: 83% of the rates prior to age 80 and 106% of the rates for ages 80 and older, with generational projection using scale MP-2019.
- The disabled mortality assumption for the Division Trust Funds (members other than Safety Officers) was changed to the PubNS-2010 Disabled Retiree Table using 99% of the rates for all ages with generational projection using scale MP-2019.
- The mortality tables are generational mortality tables developed on a benefit-weighted basis.

2019 Changes in Assumptions of Other Inputs Since 2018

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

2018 Changes in Assumptions of Other Inputs Since 2017

- The single equivalent interest rate (SEIR) for the School Division was increased from 4.78% to 7.25% 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.

2017 Changes in Assumptions of Other Inputs Since 2016

- The SEIR for the School Division 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.

2016 Changes in Assumptions of Other Inputs Since 2015

- The investment return assumption was lowered from 7.50% to 7.25%.
- The price inflation assumption was lowered from 2.80% to 2.40%.
- The wage inflation assumption was lowered from 3.90% to 3.50%.

Adams County School District 14

Notes to Schedule of Proportionate Share of the Net Pension Liability and Contributions
June 30, 2024

Note 2: Significant Changes in Assumptions or Other Inputs Affecting Trends in Actuarial Information (Continued)

2016 Changes in Assumptions of Other Inputs Since 2015 (Continued)

- The post-retirement mortality assumption for healthy lives for the School, Judicial, and 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, for 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 .35% to .40%.
- The SEIR for the State and School Divisions 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 of 3.86% on the measurement date.

2015 Changes in Assumptions of Other Inputs Since 2014

- The following programming changes were made:
 - Valuation of the full survivor benefit without any reduction for possible remarriage.
 - Reflection of the employer match on separation benefits for all eligible years.
 - Reflection of one year of service eligibility for survivor annuity benefit.
 - Refinement of the 18-month AI timing.
 - Refinements to directly value certain and life, modified cash refund and pop-up benefit forms.
- The following methodology changes were made:
 - Recognition of merit salary increases in the first projection year.
 - Elimination of the assumption that 35% of future disabled members elect to receive a refund.
 - Removal of the negative value adjustment for liabilities associated with refunds of future terminating members.
 - Adjustments to the timing of the normal cost and UAAL payment calculations to reflect contributions throughout the year.

2014 Changes in Assumptions of Other Inputs Since 2013

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

Adams County School District 14
 Required Supplementary Information
 Schedule of Proportionate Share of the Net OPEB Liability and Contributions
 Public Employees' Retirement Association of Colorado Health Care Trust Fund
 June 30, 2024

Measurement Date	12/31/23	12/31/22	12/31/21
Proportionate Share of the Net OPEB Liability			
District's Proportion of the Net OPEB Liability	0.4817630672%	0.5013967511%	0.5069533237%
District's Proportionate Share of the Net OPEB Liability	\$ 3,438,468	\$ 4,093,799	\$ 4,400,824
District's Covered Payroll	\$ 53,237,113	\$ 50,879,990	\$ 48,850,428
District's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	6%	8%	9%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	46%	39%	33%
Reporting Date	6/30/24	6/30/23	6/30/22
District's Contributions			
Statutorily Required Contribution	\$ 522,032	\$ 550,937	\$ 499,801
Contributions in Relation to the Statutorily Required Contribution	<u>(522,032)</u>	<u>(550,937)</u>	<u>(499,801)</u>
Contribution Deficiency (Excess)	\$ <u> -</u>	\$ <u> -</u>	\$ <u> -</u>
District's Covered Payroll	\$ 51,179,603	\$ 54,012,679	\$ 49,000,111
Contributions as a Percentage of Covered Payroll	1.02%	1.02%	1.02%

This schedule is presented to show information for 10 years. Until information for the full 10-year period is available, information will be presented for the years it is available.

(Continued)

Adams County School District 14
 Required Supplementary Information
 Schedule of Proportionate Share of the Net OPEB Liability and Contributions
 Public Employees' Retirement Association of Colorado Health Care Trust Fund
 June 30, 2024
 (Continued)

Measurement Date	12/31/20	12/31/19	12/31/18	12/31/17	12/31/16
Proportionate Share of the Net OPEB Liability					
District's Proportion of the Net OPEB Liability	0.5103558200%	0.5220200000%	0.5395450000%	0.5461560000%	0.5699330000%
District's Proportionate Share of the Net OPEB Liability	\$ 4,817,197	\$ 5,867,491	\$ 7,340,736	\$ 7,097,842	\$ 7,389,376
District's Covered Payroll	\$ 46,814,175	\$ 46,858,775	\$ 45,468,953	\$ 44,188,524	\$ 44,869,373
District's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	10%	13%	16%	16%	16%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	33%	24%	17%	17%	18%
Reporting Date					
	6/30/21	6/30/20	6/30/19	6/30/18	6/30/17
District's Contributions					
Statutorily Required Contribution	\$ 482,939	\$ 476,393	\$ 475,424	\$ 452,355	\$ 452,355
Contributions in Relation to the Statutorily Required Contribution	(482,939)	(476,393)	(475,424)	(452,355)	(452,355)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 47,346,958	\$ 46,705,228	\$ 46,610,170	\$ 44,348,577	\$ 44,196,792
Contributions as a Percentage of Covered Payroll	1.02%	1.02%	1.02%	1.02%	1.02%

This schedule is presented to show information for 10 years. Until information for the full 10-year period is available, information will be presented for the years it is available.

Adams County School District 14

Notes to Schedule of Proportionate Share of the Net OPEB Liability and Contributions
June 30, 2024

Note 1: Significant Changes in Plan Provisions Affecting Trends in Actuarial Information

2023 Changes in Plan Provisions Since 2022

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

2022 Changes in Plan Provisions Since 2021

- 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.

2021 Changes in Plan Provisions Since 2020

- There were no changes made to plan provisions.

2020 Changes in Plan Provisions Since 2019

- There were no changes made to plan provisions.

2019 Changes in Plan Provisions Since 2018

- There were no changes made to plan provisions.

2018 Changes in Plan Provisions Since 2017

- There were no changes made to plan provisions.

2017 Changes in Plan Provisions Since 2016

- There were no changes made to plan provisions.

2016 Changes in Plan Provisions Since 2015

- There were no changes made to plan provisions.

Note 2: Significant Changes in Assumptions or Other Inputs Affecting Trends in Actuarial Information

2023 Changes in Assumptions or Other Inputs Since 2022

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

Adams County School District 14

Notes to Schedule of Proportionate Share of the Net OPEB Liability and Contributions
June 30, 2024

Note 2: Significant Changes in Assumptions or Other Inputs Affecting Trends in Actuarial Information (Continued)

2022 Changes in Assumptions or Other Inputs Since 2021

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

2021 Changes in Assumptions or Other Inputs Since 2020

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

2020 Changes in Assumptions or Other Inputs Since 2019

- The price inflation assumption was lowered from 2.40% to 2.30%.
- The wage inflation assumption was lowered from 3.50% to 3.00%.
- The real rate of investment return assumption was increased to 4.95% per year, net of investment expenses from 4.85% 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 follows:
 - Males: 112% of the rates prior to age 80 and 94% of the rates for ages 80 and older, with generational projection using scale MP-2019.
 - Females: 83% of the rates prior to age 80 and 106% 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-2010 Contingent Survivor Table, adjusted as follows:
 - Males: 97% of the rates for all ages, with generational projection using scale MP-2019.
 - Females: 105% 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 Safety Officers) was changed to the PubNS-2010 Disabled Retiree Table using 99% of the rates for all ages with generational projection using scale MP-2019.
- The mortality tables are generational mortality tables developed on a head-count weighted basis.

2019 Changes in Assumptions or Other Inputs Since 2018

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

2018 Changes in Assumptions or Other Inputs Since 2017

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

2017 Changes in Assumptions or Other Inputs Since 2016

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

Adams County School District 14

Notes to Schedule of Proportionate Share of the Net OPEB Liability and Contributions
June 30, 2024

Note 2: Significant Changes in Assumptions or Other Inputs Affecting Trends in Actuarial Information (Continued)

2016 Changes in Assumptions or Other Inputs Since 2015

- The following methodology change was made:
 - The Entry Age Normal actuarial cost method allocation basis has been changed from a level dollar amount to a level percentage of pay.
- The following changes were made to the actuarial assumptions:
 - The investment rate of return assumption decreased from 7.50% to 7.25%.
 - The price inflation assumption decreased from 2.80% to 2.40%.
 - The wage inflation assumption decreased from 3.90% to 3.50%.
 - 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 post-retirement mortality assumption for healthy lives for the School, Judicial, and 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, for 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 assumed rates of withdrawal, retirement, and disability have been adjusted to more closely reflect experience.
 - The assumed rates of PERACare participation have been revised to reflect more closely actual experience.
 - Initial per capita health care costs for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits have been updated to reflect the change in costs for the 2017 plan year.
 - The percentage of PERACare enrollees who will attain age 65 and older ages and are assumed to not qualify for premium-free Medicare Part A coverage have been revised to reflect more closely actual experience.
 - The percentage of disabled PERACare enrollees who are assumed to not qualify for premium-free Medicare Part A coverage has been revised to reflect more closely actual experience.
 - The health care cost trend rates for Medicare Part A premiums have been revised to reflect the then-current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.
 - Assumed election rates for the PERACare coverage options available to future PERACare enrollees who will qualify for the "No Part A Subsidy" when they retire have been revised to more closely reflect actual experience.

Adams County School District 14

Notes to Schedule of Proportionate Share of the Net OPEB Liability and Contributions
June 30, 2024

Note 2: Significant Changes in Assumptions or Other Inputs Affecting Trends in Actuarial Information (Continued)

2016 Changes in Assumptions or Other Inputs Since 2015 (Continued)

- The following changes were made to the actuarial assumptions:
 - Assumed election rates for the PERACare coverage options available to those current PERACare enrollees, who qualify for the "No Part A Subsidy" but have not reached age 65, have been revised to more closely reflect actual experience.
 - The rates of PERACare coverage election for spouses of eligible inactive members and future retirees was revised to reflect more closely actual experience.
 - The assumed age differences between future retirees and their participating spouses have been revised to reflect more closely actual experience.

Adams County School District 14
 Budgetary Comparison Schedule
 General Fund
 For the Year Ended June 30, 2024

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
<i>Federal Sources</i>				
Impact aid	\$ 2,800,000	\$ 3,603,698	\$ 4,056,835	\$ 453,137
Total State Sources	<u>2,800,000</u>	<u>3,603,698</u>	<u>4,056,835</u>	<u>453,137</u>
<i>State Sources</i>				
Equalization payments	31,595,024	27,538,628	28,539,450	1,000,822
Vocational Education	75,000	93,166	73,532	(19,634)
Exceptional Children's Educational Act	2,308,450	2,592,400	2,606,351	13,951
Transportation	488,000	565,273	622,062	56,789
English Language Proficiency Act (ELPA)	566,785	646,456	646,456	-
Other	3,223,090	3,165,875	3,712,615	546,740
Total State Sources	<u>38,256,349</u>	<u>34,601,798</u>	<u>36,200,466</u>	<u>1,598,668</u>
<i>Local Sources</i>				
Property Taxes	34,421,542	33,227,706	38,116,996	4,889,290
Specific Ownership Taxes	1,436,453	1,361,223	2,041,108	679,885
Investment Income	316,000	316,000	229,373	(86,627)
Charges for Services	-	-	335,220	335,220
Miscellaneous	1,886,500	363,445	1,041,617	678,172
Total Local Sources	<u>38,060,495</u>	<u>35,268,374</u>	<u>41,764,314</u>	<u>6,495,940</u>
Total Revenues	<u>79,116,844</u>	<u>73,473,870</u>	<u>82,021,615</u>	<u>8,547,745</u>
Expenditures				
<i>Instruction</i>	41,401,807	30,719,813	40,762,397	(10,042,584)
<i>Supporting Services</i>				
Operations and maintenance	9,218,274	9,494,980	9,442,570	52,410
Pupil services	4,795,448	3,864,131	2,426,241	1,437,890
Central support services	5,879,770	6,182,373	5,617,630	564,743
School administration	5,795,287	5,677,889	5,759,935	(82,046)
Instructional support	6,869,568	10,577,430	8,275,191	2,302,239
Pupil transportation	2,440,460	2,120,563	2,022,594	97,969
Business administration	1,789,010	1,884,235	1,861,106	23,129
General administration	2,582,690	1,303,627	1,872,149	(568,522)
Other supporting services	-	51,200	178,413	(127,213)
Community services	505,056	450,560	489,930	(39,370)
Food service operations	-	8,880	328,990	(320,110)
Adult Education	100,000	100,000	47	99,953
Architecture and Engineering Services	3,250	70,331	27,862	42,469
Total Supporting Services	<u>39,978,813</u>	<u>41,786,199</u>	<u>38,302,658</u>	<u>3,483,541</u>
Total Expenditures	<u>\$ 81,380,620</u>	<u>\$ 72,506,012</u>	<u>\$ 79,065,055</u>	<u>\$ (6,559,043)</u>

(Continued)

Adams County School District 14
 Budgetary Comparison Schedule
 General Fund
 For the Year Ended June 30, 2024
 (Continued)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Excess Revenues Over (Under) Expenditures	\$ (2,263,776)	\$ 967,858	\$ 2,956,560	\$ 1,988,702
Other Financing Sources (Uses)				
Transfers (out)	<u>(3,038,000)</u>	<u>(3,038,000)</u>	<u>(3,335,854)</u>	<u>(297,854)</u>
Net Change in Fund Balance	(5,301,776)	(2,070,142)	(379,294)	1,690,848
Fund Balance, Beginning of Year	<u>27,153,935</u>	<u>20,640,059</u>	<u>17,961,416</u>	<u>(2,678,643)</u>
Fund Balance, End of Year	<u>\$ 21,852,159</u>	<u>\$ 18,569,917</u>	<u>\$ 17,582,122</u>	<u>\$ (987,795)</u>

Adams County School District 14
 Budgetary Comparison Schedule
 Grants Fund
 For the Year Ended June 30, 2024

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Federal Sources	\$ 14,441,368	\$ 11,268,623	\$ 13,325,641	\$ 2,057,018
State Sources	1,500,000	2,798,089	2,978,458	180,369
Local Sources	1,411,317	2,098,078	138,634	(1,959,444)
Total Revenues	17,352,685	16,164,790	16,442,733	277,943
Expenditures				
Instructional service	8,500,000	9,088,094	7,312,867	1,775,227
Operations and maintenance	50,000	2,970	103,459	(100,489)
Pupil services	1,250,000	2,002,933	1,228,740	774,193
Central support services	650,000	68,836	272,460	(203,624)
School administration	130,000	60	(4,689)	4,749
Instructional support	4,810,000	4,758,942	5,513,455	(754,513)
Pupil transportation	12,685	1,657	48,319	(46,662)
Business administration	-	26,516	25,291	1,225
General administration	1,500,000	60,000	692,568	(632,568)
Other support	450,000	56,000	-	56,000
Community services	-	98,782	19,409	79,373
Food service operations	-	-	120	(120)
Total Expenditures	17,352,685	16,164,790	15,211,999	952,791
Net Change in Fund Balance	-	-	1,230,734	1,230,734
Fund Balance, Beginning of Year	-	-	(1,214,436)	(1,214,436)
Fund Balance, End of Year	\$ -	\$ -	\$ 16,298	\$ 16,298

Adams County School District 14
Notes to Budgetary Comparison Schedule - General and Grants Fund
June 30, 2024

Note 1: Stewardship, Compliance and Accountability

Budgets and Budgetary Accounting

A budget is adopted for the District on a basis consistent with generally accepted accounting principles.

Management submits to the Board of Education a proposed budget for the fiscal year commencing the following July 1, for their approval. The budget includes proposed expenditures and the means of financing them.

Expenditures may not legally exceed appropriations at the fund level. Revisions that alter the total expenditures of any fund must be approved by the Board of Education.

All appropriations lapse at fiscal year-end.

For the year ended June 30, 2024, the District had actual expenditures in excess of appropriations for its General Fund, Bond Fund, Food Service Fund, Student Activity Fund, and, Capital Reserve Fund. This may be a violation of State statutes.

Supplementary Information

Adams County School District 14
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2024

	Special Revenue				Capital Projects		Total
	Fee Supported	Food Service	Student Activity	COP Debt Service	Capital Projects Building	Capital Reserve Capital Projects	
Assets							
Cash and Investments	\$ -	\$ 1,245	\$ 396,407	\$ -	\$ -	\$ -	\$ 397,652
Accounts Receivable	-	433,729	-	-	-	(2,336)	431,393
Due from Other Funds	-	-	-	112,445	-	652,283	764,728
Due from Other Governments	-	69,638	-	-	-	-	69,638
Inventories	-	257,756	-	-	-	-	257,756
Prepaid Expenses	-	4,275	-	-	-	-	4,275
	<u>-</u>	<u>766,643</u>	<u>396,407</u>	<u>112,445</u>	<u>-</u>	<u>649,947</u>	<u>1,925,442</u>
Total Assets	\$ -	\$ 766,643	\$ 396,407	\$ 112,445	\$ -	\$ 649,947	\$ 1,925,442
Liabilities							
Accounts Payable	\$ -	\$ 7,105	\$ 2,895	\$ -	\$ -	\$ 1,176,841	\$ 1,186,841
Retainage Payable	-	608,202	144,200	-	-	-	752,402
Accrued Salaries and Benefits	-	107,108	(459)	-	-	(29,667)	76,982
Due to Other Funds	-	-	-	-	-	218,734	218,734
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>218,734</u>	<u>218,734</u>
Total Liabilities	-	722,415	146,636	-	-	1,365,908	2,234,959
Fund Balances							
Nonspendable:							
Inventories	-	257,756	-	-	-	-	257,756
Prepaid Expenses	-	4,275	-	-	-	-	4,275
Restricted for Capital Reserves							
Debt Service	-	-	-	112,445	-	-	112,445
Committed	-	-	249,771	-	-	1,387,647	1,637,418
Unassigned	-	(217,803)	-	-	-	(2,103,608)	(2,321,411)
	<u>-</u>	<u>44,228</u>	<u>249,771</u>	<u>112,445</u>	<u>-</u>	<u>(715,961)</u>	<u>(309,517)</u>
Total Fund Balances	-	44,228	249,771	112,445	-	(715,961)	(309,517)
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ -	\$ 766,643	\$ 396,407	\$ 112,445	\$ -	\$ 649,947	\$ 1,925,442

Adams County School District 14
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2024

	Special Revenue				Capital Projects		Total
	Fee Supported	Food Service	Student Activity	COP Debt Service	Capital Projects Building	Capital Reserve Capital Projects	
Revenues							
Federal Sources	\$ -	\$ 3,441,509	\$ -	\$ -	\$ -	\$ -	\$ 3,441,509
State Sources	-	589,543	-	-	-	-	589,543
Local Sources							
Charges for services	-	25,973	358,533	-	-	-	384,506
Miscellaneous	-	-	1,848	-	-	5	1,853
Total Revenues	-	4,057,025	360,381	-	-	5	4,417,411
Expenditures							
Current							
Instructional service	-	-	350,111	-	-	736,371	1,086,482
Operations and maintenance	-	-	-	-	-	269,205	269,205
Central support services	-	-	-	-	-	30,320	30,320
Business administration	-	-	-	-	-	5,768	5,768
Food service operations	-	4,467,540	-	-	-	35,030	4,502,570
Capital outlay	-	-	-	-	-	1,799,628	1,799,628
Debt Service							
Principal	-	-	-	266,082	-	304,287	570,369
Interest and Fiscal Charges	-	-	-	221,465	-	94,688	316,153
Total Expenditures	-	4,467,540	350,111	487,547	-	3,275,297	8,580,495
Revenues Over (Under) Expenditures	-	(410,515)	10,270	(487,547)	-	(3,275,292)	(4,163,084)
Transfers In (Out)	644	350,000	-	487,547	(2,337)	2,500,000	3,335,854
Net Change in Fund Balance	644	(60,515)	10,270	-	(2,337)	(775,292)	(827,230)
Fund Balances, Beginning of Year	(644)	104,743	239,501	112,445	2,337	59,331	517,713
Fund Balances, End of Year	\$ -	\$ 44,228	\$ 249,771	\$ 112,445	\$ -	\$ (715,961)	\$ (309,517)

Adams County School District 14
 Budgetary Comparison Schedule
 Bond Redemption Fund
 For the Year Ended June 30, 2024

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues			
<i>Local Sources</i>			
Property Taxes	\$ 6,159,228	\$ 7,389,731	\$ 1,230,503
Investment Income	<u>184,000</u>	<u>288,832</u>	<u>104,832</u>
 Total Revenues	 <u>6,343,228</u>	 <u>7,678,563</u>	 <u>1,335,335</u>
 Expenditures			
Debt Service			
Principal	5,425,000	5,425,000	-
Interest and Fiscal Charges	<u>779,903</u>	<u>783,952</u>	<u>(4,049)</u>
 Total Expenditures	 <u>6,204,903</u>	 <u>6,208,952</u>	 <u>(4,049)</u>
 Net Change in Fund Balance	 138,325	 1,469,611	 1,331,286
 Fund Balance, Beginning of Year	 <u>7,511,497</u>	 <u>7,837,364</u>	 <u>325,867</u>
 Fund Balance, End of Year	 <u>\$ 7,649,822</u>	 <u>\$ 9,306,975</u>	 <u>\$ 1,657,153</u>

Adams County School District 14
 Budgetary Comparison Schedule
 Food Service Fund
 For the Year Ended June 30, 2024

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
<i>Federal Sources</i>	\$ 3,960,256	\$ 3,801,957	\$ 3,441,509	\$ (360,448)
<i>State Sources</i>	70,000	25,620	589,543	563,923
<i>Local Sources</i>				
Charges for Services	25,000	14,068	25,973	11,905
Total Revenues	4,055,256	3,841,645	4,057,025	215,380
Expenditures				
Food Service Operations	4,558,975	4,345,364	4,467,540	(122,176)
Total Expenditures	4,558,975	4,345,364	4,467,540	(122,176)
Excess Revenues Over (Under) Expenditures	(503,719)	(503,719)	(410,515)	93,204
Other Financing Sources (Uses)				
Transfers out	-	-	350,000	350,000
Net Change in Fund Balance	(503,719)	(503,719)	(60,515)	443,204
Fund Balance, Beginning of Year	503,719	503,719	104,743	(398,976)
Fund Balance, End of Year	\$ -	\$ -	\$ 44,228	\$ 44,228

Adams County School District 14
 Budgetary Comparison Schedule
 Student Activity Fund
 For the Year Ended June 30, 2024

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues				
<i>Local Sources</i>				
Charges for Services	\$ 350,000	\$ 350,000	\$ 358,533	\$ 8,533
Other	<u>-</u>	<u>-</u>	<u>1,848</u>	<u>1,848</u>
 Total Revenues	 <u>350,000</u>	 <u>350,000</u>	 <u>360,381</u>	 <u>10,381</u>
 Expenditures				
Instructional Service	<u>330,000</u>	<u>329,778</u>	<u>350,111</u>	<u>(20,333)</u>
 Total Expenditures	 <u>330,000</u>	 <u>329,778</u>	 <u>350,111</u>	 <u>(20,333)</u>
 Net Change in Fund Balance	 20,000	 20,222	 10,270	 (9,952)
 Fund Balance, Beginning of Year	 <u>274,778</u>	 <u>274,778</u>	 <u>239,501</u>	 <u>(35,277)</u>
 Fund Balance, End of Year	 <u>\$ 294,778</u>	 <u>\$ 295,000</u>	 <u>\$ 249,771</u>	 <u>\$ (45,229)</u>

Adams County School District 14
 Budgetary Comparison Schedule
 Certificate of Participation Debt Service Fund
 For the Year Ended June 30, 2024

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Expenditures			
Debt Service			
Principal	\$ 266,082	\$ 266,082	\$ -
Interest and Fiscal Charges	<u>221,465</u>	<u>221,465</u>	<u>-</u>
Total Expenditures	<u>487,547</u>	<u>487,547</u>	<u>-</u>
Excess Revenues Over (Under) Expenditures	(487,547)	(487,547)	-
Other Financing Sources (Uses)			
Transfers in	<u>488,000</u>	<u>487,547</u>	<u>(453)</u>
Net Change in Fund Balance	453	-	(453)
Fund Balance, Beginning of Year	<u>113</u>	<u>112,445</u>	<u>112,332</u>
Fund Balance, End of Year	<u>\$ 566</u>	<u>\$ 112,445</u>	<u>\$ 111,879</u>

Adams County School District 14
 Budgetary Comparison Schedule
 Capital Reserve Capital Projects Fund
 For the Year Ended June 30, 2024

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues				
<i>Local Sources</i>				
Other	\$ 50,000	\$ 50,000	\$ 5	\$ (49,995)
Total Revenues	<u>50,000</u>	<u>50,000</u>	<u>5</u>	<u>(49,995)</u>
Expenditures				
Instructional service	-	-	736,371	(736,371)
Operations and maintenance	1,977,912	1,446,608	269,205	1,177,403
Central support services	-	-	30,320	(30,320)
Business administration	-	-	5,768	(5,768)
Food service operations	-	-	35,030	(35,030)
Capital outlay	1,653,670	714,104	1,799,628	(1,085,524)
Debt Service				
Principal	398,512	307,542	304,287	3,255
Interest and Fiscal Charges	<u>307,542</u>	<u>191,076</u>	<u>94,688</u>	<u>96,388</u>
Total Expenditures	<u>4,337,636</u>	<u>2,659,330</u>	<u>3,275,297</u>	<u>(615,967)</u>
Excess of Revenues Over (Under) Expenditures	(4,287,636)	(2,609,330)	(3,275,292)	(665,962)
Transfers in	<u>2,550,000</u>	<u>2,550,000</u>	<u>2,500,000</u>	<u>(50,000)</u>
Net Change in Fund Balance	(1,737,636)	(59,330)	(775,292)	(715,962)
Fund Balance, Beginning of Year	<u>1,737,636</u>	<u>59,330</u>	<u>59,331</u>	<u>1</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (715,961)</u>	<u>\$ (715,961)</u>

Compliance Section

Single Audit



**HINKLE &
COMPANY**
Strategic PC
Business Advisors

**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***

Board of Education
Adams County School District 14
Commerce City, Colorado

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Adams County School District 14 (the District) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the basic financial statements of the District, and have issued our report thereon dated December 31, 2024.

Report on Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District 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 or significant deficiencies may exist that were not identified.

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Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the 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 or 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 report is not suitable for any other purpose.

Hick & Company, PC

Englewood, Colorado
December 31, 2024





**Independent Auditor's Report on Compliance for Each
Major Federal Program, Internal Control over Compliance,
and the Schedule of Expenditures of Federal Awards
Required by The Uniform Guidance**

Board of Education
Adams County School District 14
Commerce City, Colorado

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Adams County School District 14's (the District's) compliance with the types of compliance requirements identified as subject to audit 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, 2024. 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 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, 2024.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of 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.

Office Locations:

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Denver, CO
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Denver Office:

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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 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 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 on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

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

Hick & Company, PC

Englewood, Colorado
December 31, 2024



Adams County School District 14
 Schedule of Findings and Questioned Costs
 For the Year Ended June 30, 2024

Section I: Summary of Auditor’s Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with accounting principles generally accepted in the United States of America (GAAP): Unmodified.

Internal control over financial reporting:

- Material weaknesses identified? Yes No
- Significant deficiencies identified? Yes None Reported

Noncompliance material to the financial statements noted? Yes No

Federal Awards

Internal control over major federal programs:

- Material weaknesses identified? Yes No
- Significant deficiencies identified? Yes None Reported

Type of auditor’s report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? Yes No

Identification of major federal program:

<u>Assistance Listing Number</u>	<u>Name of Federal Cluster/Program</u>
84.425D	Covid-19 Elementary & Secondary School
84.425U	Emergency Relief
84.425C	Covid-19 Governor’s emergency Education Relief Fund

Dollar threshold used to distinguish Between Type A and Type B programs: \$750,000.

Auditee qualified as a low-risk auditee? Yes No

Adams County School District 14
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2024

Section II: Financial Statement Findings

No current year findings or questioned costs were reported.

Section III: Federal Award Findings and Questioned Costs

No current year findings or questioned costs were reported.

Adams County School District 14
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2024

Findings Required to be reported by the Uniform Guidance

No matters are reportable.

Adams County School District 14
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2024

Federal Grantor/Pass-Through Grantor/Program Title	Federal Assistance Number	Pass-Through Entity Identifying Number	Federal Expenditures	Passed Through to Subrecipients
U.S. Department of Education				
<i>Passed through the Colorado Department of Education</i>				
<i>Special Education Cluster</i>				
Special Education	84.027	4027	\$ 1,036,836	\$ -
Special Education Preschool	84.173	4173	47,638	-
Special Education Cluster Total			<u>1,084,474</u>	<u>-</u>
Title I				
Grants to Local Education Agencies (Title I, Part A of ESEA)	84.010	4010	3,061,347	-
Improving Basic Programs Operated by Schools	84.010	5010	465,568	-
Total Title I			<u>3,526,915</u>	<u>-</u>
Improving Teacher Quality	84.367	4367	567,934	-
English Language Acquisition	84.365	4365	295,315	-
Student Support and Academic Enrichment	84.424	4424	116,355	-
COVID-19 Elementary & Secondary School Emergency Relief (ESSER III)	84.425U	4414	4,612,520	-
COVID-19 Elementary & Secondary School Emergency Relief (ESSER III)	84.425U	4436	158,009	-
<i>Passed through the Colorado Office of the Governor</i>				
COVID 19 Governor's Emergency Education Relief Fund	84.425C	6425	257,479	-
COVID 19 Governor's Emergency Education Relief Fund	84.425C	6426	17,644	-
Total Covid-19 Education Stabilization Fund Program			<u>5,045,652</u>	<u>-</u>
<i>Passed through the Colorado Community College System</i>				
Career and Technical Education	84.048	4048	65,476	-
Total U.S. Department of Education			<u>10,702,121</u>	<u>-</u>
U.S. Department of Agriculture				
<i>Passed through the Colorado Department of Education</i>				
Summer Food Service Program for Children	10.559	4559	25,445	-
<i>Passed through the Colorado Department of Public Health and the Environment</i>				
Fresh Fruit & Vegetable Program	10.555	4555	220,659	-
Child Nutrition Cluster Total			<u>246,104</u>	<u>-</u>
<i>Passed through the Colorado Department of Human Services</i>				
Child and Adult Care Food Program	10.558	4558	35,172	-
<i>Passed through the Colorado Department of Education</i>				
Fresh Fruit & Vegetable Program	10.582	4582	143,814	-
COVID-19 SNAP CN Local P-EBT Administrative Funds Grant	10.649	4649	3,256	-
Total U.S. Department of Agriculture			<u>428,346</u>	<u>-</u>
U.S. Department of Defense				
<i>Direct assistance</i>				
ROTC	12.000		12,897	-
Total U.S. Department of Defense			<u>12,897</u>	<u>-</u>
Total Federal Financial Assistance			<u>\$ 11,143,364</u>	<u>\$ -</u>

See Notes to Schedule of Expenditures of Federal Awards.

Adams County School District 14
Notes to Schedule of Expenditures of Federal Awards
June 30, 2024

Note 1: Basis of Presentation

The accompanying schedule of expenditures of federal awards 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*, using the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Therefore, some amounts presented in this schedule may differ from amounts presented in the financial statements.

Note 2: Noncash Programs

The District receives food commodities from the U.S. Department of Agriculture for use in its food service program. The commodities are recognized as revenue when received. The commodities are recognized as expenses when used by the schools. The majority of the commodities are stored at the individual schools, instead of a central warehouse. As such, the District has determined that the title to the commodities passes to the District upon receipt of the commodities. Since the District has received title to the commodities, the unused commodities are not reflected as unearned revenue.

Note 3: Indirect Costs

The District has not elected to use the 10% *de minimis* indirect cost rate allowed in the Uniform Guidance, section 414.

State Compliance



Colorado Department of Education
Auditors Integrity Report
 District: 0030 - Adams County 14
 Fiscal Year 2023-24
 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	11,985,642		84,659,162	79,062,683		17,582,120
18 Risk Mgmt Sub-Fund of General Fund	0		0	0		0
19 Colorado Preschool Program Fund	0		0	0		0
Sub-Total	11,985,642		84,659,162	79,062,683		17,582,120
11 Charter School Fund	0		0	0		0
20.26-29 Special Revenue Fund	0		0	0		0
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	104,740		4,407,028	4,467,541		44,227
22 Govt Designated-Purpose Grants Fund	-1,921,692		16,442,733	14,504,742		16,300
23 Pupil Activity Special Revenue Fund	239,497		360,383	350,108		249,772
25 Transportation Fund	0		0	0		0
31 Bond Redemption Fund	7,837,364		7,678,563	6,208,952		9,306,975
39 Certificate of Participation (COP) Debt Service Fund	1,087,538		-487,547	487,547		11,2444
41 Building Fund	0		0	0		0
42 Special Building Fund	0		0	0		0
43 Capital Reserve Capital Projects Fund	5,044,518		-2,499,995	3,260,485		-715,962
46 Supplemental Cap Const, Tech, Main Fund	0		0	0		0
Totals	24,377,607		110,560,327	106,342,057		26,595,877
Proprietary						
50 Other Enterprise Funds	0		0	0		0
64 (63) Risk-Related Activity Fund	0		0	0		0
60.65-69 Other Internal Service Funds	0		0	0		0
Totals	0		0	0		0
Fiduciary						
70 Other Trust and Agency Funds	0		0	0		0
72 Private Purpose Trust Fund	0		0	0		0
73 Agency Fund	0		0	0		0
74 Pupil Activity Agency Fund	0		0	0		0
79 GASB 34 Permanent Fund	0		0	0		0
85 Foundations	0		0	0		0
Totals	0		0	0		0

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