

EL PASO COUNTY SCHOOL DISTRICT NO. 14

FINANCIAL STATEMENTS
With Independent Auditors' Report

Year Ended June 30, 2024

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
El Paso County School District No. 14

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the El Paso County School District No. 14, as of and for the year ended June 30, 2024 and the related notes to the financial statements, which collectively comprise the El Paso County School District No. 14's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the El Paso County School District No. 14, as of June 30, 2024 and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the El Paso County School District No. 14 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.

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 El Paso County School District No. 14'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 generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the El Paso County School District No. 14'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 El Paso County School District No. 14's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of 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 El Paso County School District No. 14's basic financial statements. The accompanying

supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Hoelting & Company Inc.

Colorado Springs, Colorado
December 27, 2024

**EL PASO COUNTY SCHOOL DISTRICT #14
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2024**

As management of El Paso County School District #14 (the District) we offer readers of the District’s annual financial report this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2024. Readers are encouraged to consider the information presented here in conjunction with the annual financial report.

FINANCIAL HIGHLIGHTS

- ◆ With the allocation of PERA’s unfunded liability to the District per GASB 68, the District has a total net position of \$(6,808,039). This negative ending net position is directly related to the \$33,573,546 net pension and OPEB liabilities. Because the PERA unfunded liability so greatly skews net position of the district wide statements, the General Fund tends to provide a more accurate picture of financial results. At June 30, 2024, the General Fund reported an ending fund balance of \$10,254,246, which was 52.8% of total expenditures for the year. Unassigned fund balance was \$9,485,041, which may be used to meet the District’s ongoing obligations.
- ◆ The largest operational portion of the District’s net position is its \$8,850,529 investment in capital assets (equipment and facilities) net of accumulated depreciation and related debt.
- ◆ Restricted Net Position of the District include \$49,792 for debt service obligations, and \$635,500 required by TABOR, the emergency contingency required by Article X, Section 20 of the Colorado Constitution.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis serves as an introduction to the District’s basic financial statements. Included in this review is a comparison to the previous year’s activity for government-wide data.

The District’s basic financial statements consist of three components: (1) district-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains required and other supplementary information in addition to the basic financial statements.

District-wide Financial Statements

The *district-wide financial statements* are designed to provide readers with a broad overview of the District’s finances as a whole, in a manner similar to a private-sector business and include two statements:

- 1) The statement of net position presents information on all of the District’s assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.
- 2) The statement of activities presents information reporting how the District’s net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some

items that will result in cash flows in future fiscal periods. Earned but unused vacation leave and accrued interest expense are examples of these types of items.

Fund Financial Statements

A fund is a grouping of related accounts used to maintain control over resources segregated for specific activities or objectives. The fund financial statements provide more detailed information about the District's operations, focusing on its most significant funds, not the District as a whole. The District has two kinds of funds: governmental funds and fiduciary funds.

Governmental Funds: All of the District's basic services are included in governmental funds, which focus on (1) how money flows into and out of those funds and (2) the balances left at year-end that are available for spending or reserves. Consequently, the governmental funds statements provide a detailed short-term view that helps determine the status of financial resources that can be spent in the near future to finance the District's programs.

The District maintains six individual governmental funds. Information is presented separately in the governmental fund balance sheet and the statement of revenues, expenditures and changes in fund balance for the general fund and the bond redemption fund, which are considered major funds. Data from the additional governmental funds, the food service, designated purpose grants, activities, and capital projects fund, are combined into a single, aggregated presentation in the form of combining statements elsewhere in the report.

Fiduciary funds: Fiduciary funds are used to account for resources held for the benefit of parties outside the District. The District maintains one fiduciary fund, the agency fund, which accounts for funds raised through school fundraisers, donations, scholarships, and mini-grants. Fiduciary funds are not reported in the district-wide financial statements, because the resources of those funds are not available for the support of the District's own programs.

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 district-wide and fund financial statements.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning the District. The District adopts an annual appropriated budget for all funds except the agency fund. A budgetary comparison schedule has been provided for the general fund and all major special revenue funds to demonstrate compliance with the budget.

DISTRICT-WIDE FINANCIAL ANALYSIS

46.6% of the District’s assets are its investment in capital assets (e.g. land, buildings, equipment). The District uses these assets to provide instruction and related services to its students.

The following table provides a summary of the District’s net position as of June 30, 2024 and 2023:

Condensed Statement of Net Position

	2023-24	2022-23
ASSETS		
Current Assets-Unrestricted	\$ 14,452,428	\$ 17,018,680
Current Assets-Restricted	\$ -	\$ -
Capital Assets	\$ 12,626,811	\$ 10,873,384
Total Assets	\$ 27,079,239	\$ 27,892,064
Deferred Outflows of Resources	\$ 9,009,950	\$ 6,581,023
LIABILITIES		
Current Liabilities	\$ 3,254,706	\$ 4,354,358
Long Term Liabilities	\$ 3,982,411	\$ 3,988,161
Net Pension and OPEB liabilities	\$ 33,573,546	\$ 28,346,564
Total Liabilities	\$ 40,810,663	\$ 36,689,083
Deferred Inflows of Resources	\$ 2,086,565	\$ 4,426,435
NET POSITION		
Net Investment in Capital Assets	\$ 8,850,529	\$ 6,921,030
Restricted	\$ 685,292	\$ 674,725
Unrestricted	\$ (16,343,860)	\$ (14,238,186)
Total Net Position	\$ (6,808,039)	\$ (6,642,431)

* Management note: see first item under Financial Highlights on page vi for comment on Total Net Position

The following is a summary of the District’s revenues, expenditures, and change in net position:

Condensed Statement of Activities

**Governmental
Activities**

	2023-2024	2022-23
REVENUES		
Program Revenues:		
Charges for Services	\$ 631,989	\$ 899,794
Operating Grants/Contributions	\$ 2,099,258	\$ 2,796,549
Capital Grants/Contributions	\$ 589,209	\$ 185,970
General Revenues:		
Local Prop/SO Taxes	\$ 9,711,488	\$ 8,848,642
State Equalization	\$ 8,985,749	\$ 8,816,296
Grants and contributions not restricted to specific programs	\$ 272	\$ 47,579
Investment Earnings	\$ 488,797	\$ 414,681
Miscellaneous	\$ 97,887	\$ 692,195
Transfers		
Total Revenues	\$ 22,604,649	\$ 22,701,706
EXPENSES AND CHANGE IN NET ASSETS		
Instruction	\$ (11,843,841)	\$ (11,357,269)
Supporting Services:	\$ (9,940,706)	\$ (9,205,521)
Non-instructional Services:	\$ -	\$ -
Food Services	\$ (705,214)	\$ (622,798)
Community Services	\$ (3,158)	\$ (3,460)
Facilities Acquisition/Construction	\$ (162,840)	\$ (159,683)
Interest on Long-Term Debt	\$ (114,498)	\$ (126,465)
Total Expenses	\$ (22,770,257)	\$ (21,475,196)
Change in Net Position	\$ (165,608)	\$ 1,226,510
Beginning Net Position, as originally stated	\$ (6,642,431)	\$ (7,868,941)
Adjustments to beginning net position	\$ -	\$ -
Beginning Net Position, as restated	\$ (6,642,431)	\$ (7,868,941)
Ending Net Position	\$ (6,808,039)	\$ (6,642,431)

The primary source of revenue for Colorado school districts comes from the School Finance Act (SFA) of 1994, as amended. Under the SFA the District received \$9,615.41 in 2022-23 and \$10,862.94 in 2023-24 in per pupil funding (PPF) for each full time equivalent (FTE) student. Normal funding for the SFA comes from property taxes, specific ownership taxes, and state equalization payments (which supplement the amount the district raises locally through property taxes and specific ownership taxes).

A “budget stabilization factor” applied to state equalization in recent years has prevented the District from receiving its full per pupil funding amount; this decrease in state funding has been caused by the

legislature's need to comply with the Colorado constitution, which requires a balanced budget, so the state has not paid the District what it is owed by the SFA funding formula. This decrease in state funding to the District was \$220,665.96 in 2032-24, and totals \$17,175,319 since the 2008-2009 school year.

The District is fortunate that its voters have approved three mill levy overrides (MLO's); the most recent override was passed in November 2015, and increased the override amount from \$1,900,000 to \$3,700,000. In addition, the district was approved to collect up to 25% of total program funding. These overrides were passed to attract and retain personnel, and to maintain and upgrade the district's buildings, equipment and grounds. Since the "budget stabilization factors" have begun, the overrides have served the purpose of offsetting these reductions in state funding.

ANALYSIS OF THE DISTRICT'S FUNDS

Major Governmental Funds

The **general fund** is the primary operating fund of the District. The fund balance for the general fund was \$11,395,140 at the start of the fiscal year and \$10,254,246 at the end, a decrease of \$1,140,894. A \$10.3 million fund balance is large for a school district the size of Manitou if there was an expectation of year-to-year increases in PPF and enrollment was stable. Neither of these are guaranteed.

The management decision will be to determine how long the funding problems for the state will continue, whether the funding reductions will grow larger, and therefore what amount the district should keep in its fund balance. The MLO's place the District in a better position to deal with this uncertainty.

The District maintains an **insurance fund** within the general fund for the expenses associated with its risk related activities. The insurance fund balance increased from \$69,102 during the year to \$75,915 (this is in addition to the general fund balance).

Non-major Governmental Funds

Information for additional governmental funds is aggregated and reported as non-major governmental funds on the balance sheet, and the statement of revenues, expenditures and changes in fund balances. Further detail by fund is reported as part of the required supplementary information section of this report. Included in the District's non-major governmental funds are the food service fund, the designated purpose grants fund, the activity fund, and the capital projects fund.

The **food service fund** is used to account for all financial activities associated with the school breakfast and lunch programs. Revenues come primarily from state matching funds and reimbursements under the Federal Child Nutrition Act. Revenues during the year were \$646,452. Net position decreased by \$1,426 during the year to \$99,316.

The **governmental designated purpose grants fund** maintains separate accounts for each federal, state, and local grant funded program. Grant funds are awarded for a specific use as defined in the grant application and can only be used for the purposes for which they were granted, primarily to improve student achievement. The District received \$159,707 in grants revenue during the year.

The **activity fund** accounts for salaries and benefits for activity sponsors, athletic coaches, game staff, athletic and safety equipment, and game expenses (including travel to out-of-town events and officials for home games). Revenues from gate receipts, season tickets, and fund raising amounted to \$95,856 during the year. An operating transfer from the General Fund in the amount of \$550,000 provided the bulk of funds required to run the various programs. Ending fund balance decreased by \$23,582 during the year to \$89,967.

The **bond redemption fund** exists to service the repayment of the District's general obligation construction bond (Series 2001 originally issued for \$8,500,000), which was refunded during 2010-11 and replaced with a Series 2011 Bond. There was a final payment on the 2001 bond during 2011-12. The bond principal balance for the 2011 bond was paid off in November, 2020; fund balance for the bond redemption fund as of the same date was \$49,792.

The **capital projects fund** for the District is funded by an allocation from the general fund and provides for the purchase of capital equipment and building/site improvements. The ending fund balance is \$88,709.

The District's **other activity fund** was created to support donations and fundraisers for student activities. Deposits to this fund consist of donations, grants, student fundraisers and vending machine receipts, and totaled \$561,819 for FY24; disbursements totaled \$678,975. Ending balance in this fund was \$562,810.

BUDGETARY HIGHLIGHTS

The District's budget is prepared in accordance with state law. The most significant budgeted fund is the general fund. The District must keep in mind the uncertain economic conditions in the state, which may require the continued use of override funds and the district's large fund balance to offset possible reductions in per pupil funding from the state.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

Capital assets include land, buildings, improvements, machinery, vehicles, equipment, and any construction in progress. The District's investment in capital assets for its governmental activities at the end of the year was \$8,850,529, net of accumulated depreciation.

Debt Administration

At the end of FY24, the District had \$3,747,429 of long term debt outstanding; \$161,351 in principal and \$109,050 in interest payments are due in FY25.

ECONOMIC FACTORS

Normal funding changes for school districts in Colorado are limited to inflation plus population growth. Inflation is determined by the consumer price index for the Denver-Boulder area, and that rate is applied to the amount of per pupil funding for an FTE student. Population growth is defined by the change in the number of students attending the school district. The largest component of per pupil funding for Manitou is state equalization paid by the state of Colorado.

The student population in recent years is as follows:

1,376 students (1,311.2 FTE) in 2008-09
1,405 students (1,337.0 FTE) in 2009-10
1,418 students (1,343.7 FTE) in 2010-11
1,510 students (1,434.5 FTE) in 2011-12
1,500 students (1,429.7 FTE) in 2012-13
1,480 students (1,422.3 FTE) in 2013-14
1,458 students (1,429.9 FTE) in 2014-15
1,492 students (1,438.6 FTE) in 2015-16
1,490 students (1,433.4 FTE) in 2016-17
1,399 students (1,405.9 FTE) in 2017-18
1,498 students (1,431.5 FTE) in 2018-19
1,441 students (1,432.5 FTE) in 2019-20
1,347 students (1,401.7 FTE) in 2020-21
1,295 students (1,370.3 FTE) in 2021-22
1,286 students (1,357.2 FTE) in 2022-23

The count for 2023-24 decreased to 1,207 students (1,298.8 FTE).

Since 2019-2020, Manitou Springs School District has seen a steady decrease in enrollment. This is concerning because prior to this decrease, enrollment had remained strong despite the District's "landlocked" location with mountains on one side and the city of Colorado Springs (and other school districts) on the other. There is little available land for the development of new housing areas that would bring an increasing number of students; the steady enrollment is a result of students "choicing" into the District from surrounding school districts. The district is actively working on a choice marketing campaign to strengthen enrollment numbers.

REQUESTS FOR INFORMATION

This financial report is designed to provide the District's citizens, taxpayers, parents, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives.

If you have questions about this report or need additional financial information, contact the Chief Financial Officer, Manitou Springs School District 14, 405 El Monte Place, Manitou Springs, CO 80829.

BASIC FINANCIAL STATEMENTS

EL PASO COUNTY SCHOOL DISTRICT NO. 14
STATEMENT OF NET POSITION
JUNE 30, 2024

	Governmental Activities
ASSETS	
Cash and investments	\$ 13,812,673
Cash with county treasurer	115,340
Taxes receivable	325,521
Other receivables	132,450
Inventories and prepaid items	66,444
Capital assets, not being depreciated	2,830,690
Capital assets being depreciated	9,796,121
	<u>27,079,239</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred pension outflows	8,901,703
Deferred OPEB outflows	108,247
	<u>9,009,950</u>
LIABILITIES	
Accounts payable and other current liabilities	809,683
Accrued salaries and benefits	2,067,575
Unearned revenue	341,099
Accrued interest	36,349
Long-term liabilities:	
Due within on year	181,598
Due in more than one year	3,800,813
Net pension liability	32,781,993
Net OPEB liability	791,553
	<u>40,810,663</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred pension inflows	1,805,682
Deferred OPEB inflows	280,883
	<u>2,086,565</u>
NET POSITION	
Net investment in capital assets	8,850,529
Restricted for:	
Emergency reserve (TABOR)	635,500
Debt service	49,792
Unrestricted	(16,343,860)
	<u>(6,808,039)</u>
Total net position	<u>\$ (6,808,039)</u>

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

EL PASO COUNTY SCHOOL DISTRICT NO. 14
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024

Functions/Programs	Program Revenue				Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities:					
Instruction	\$ 11,843,841	\$ 603,504	\$ 1,282,151	\$ 589,209	\$ (9,368,977)
Supporting services	9,940,706	-	199,732	-	(9,740,974)
Food service operations	705,214	28,485	617,375	-	(59,354)
Community services	3,158	-	-	-	(3,158)
Facilities acquisition	162,840	-	-	-	(162,840)
Interest on long-term debt	114,498	-	-	-	(114,498)
Total	\$ 22,770,257	\$ 631,989	\$ 2,099,258	\$ 589,209	(19,449,801)
General revenues:					
Property taxes					8,857,587
Specific ownership taxes					853,901
State equalization					8,985,749
Grants and contributions not restricted to specific programs					272
Unrestricted investment earnings					488,797
Miscellaneous					97,887
Total general revenues					19,284,193
Change in net position					(165,608)
Net position - beginning (deficit)					(6,642,431)
Net position - ending (deficit)					\$ (6,808,039)

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

EL PASO COUNTY SCHOOL DISTRICT NO. 14
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2024

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Total Nonmajor Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and investments	\$ 13,032,108	\$ -	\$ 780,565	\$ 13,812,673
Cash with fiscal agent	115,340	-	-	115,340
Taxes receivable	325,521	-	-	325,521
Other receivables	99,510	-	32,940	132,450
Due from other funds	608,428	642,552	613,217	1,864,197
Inventories and prepaid items	57,790	-	8,654	66,444
Total assets	<u>\$ 14,238,697</u>	<u>\$ 642,552</u>	<u>\$ 1,435,376</u>	<u>\$ 16,316,625</u>
LIABILITIES				
Accounts payable and other current liabilities	\$ 506,554	\$ 276,204	\$ 26,925	\$ 809,683
Accrued salaries and benefits	1,985,532	-	82,043	2,067,575
Due to other funds	1,123,912	277,639	462,646	1,864,197
Unearned revenue	279,222	-	61,877	341,099
Total liabilities	<u>3,895,220</u>	<u>553,843</u>	<u>633,491</u>	<u>5,082,554</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue-property taxes	89,231	-	-	89,231
Total deferred inflows of resources	<u>89,231</u>	<u>-</u>	<u>-</u>	<u>89,231</u>
FUND BALANCES				
Nonspendable for:				
Inventories and prepaid items	57,790	-	8,654	66,444
Restricted for:				
Emergency reserve (TABOR)	635,500	-	-	635,500
Debt service	-	-	49,792	49,792
Committed for:				
Food service operations	-	-	90,662	90,662
Pupil activities	-	-	89,967	89,967
Other activities	-	-	562,810	562,810
Assigned for:				
Risk management	75,915	-	-	75,915
Capital projects	-	88,709	-	88,709
Unassigned	9,485,041	-	-	9,485,041
Total fund balances	<u>10,254,246</u>	<u>88,709</u>	<u>801,885</u>	<u>11,144,840</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 14,238,697</u>	<u>\$ 642,552</u>	<u>\$ 1,435,376</u>	<u>\$ 16,316,625</u>

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

EL PASO COUNTY SCHOOL DISTRICT NO. 14
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
JUNE 30, 2024

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

Total fund balance - governmental funds		\$ 11,144,840
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Capital assets, not being depreciated	\$ 2,830,690		
Capital assets, net of depreciation/amortization	9,796,121		12,626,811

Property tax receivable is not available to pay current period expenditures and, therefore, is not reported in the funds.		89,231
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Long-term liabilities and related items are not due and payable in the current year and, therefore, are not reported in government funds:

Net pension liabilities	\$ (32,781,993)		
Pension outflows	8,901,703		
Pension inflows	(1,805,682)		
Net OPEB liabilities	(791,553)		
OPEB outflows	108,247		
OPEB inflows	(280,883)		
Accrued interest	(36,349)		
Compensated absences	(206,129)		
Leases payable	(28,853)		
COPs payable	(3,747,429)		(30,668,921)

Net position of governmental activities in the statement of net position		\$ (6,808,039)
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The accompanying notes are an integral part of these financial statements.

EL PASO COUNTY SCHOOL DISTRICT NO. 14
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2024

	General Fund	Capital Projects Fund	Total Nonmajor Funds	Total Governmental Funds
REVENUES				
Local sources	\$ 10,463,596	\$ -	\$ 671,410	\$ 11,135,006
State sources	10,273,355	-	264,609	10,537,964
Federal sources	581,215	-	527,871	1,109,086
	<u>21,318,166</u>	<u>-</u>	<u>1,463,890</u>	<u>22,782,056</u>
EXPENDITURES				
Instruction	9,909,770	-	1,307,999	11,217,769
Supporting services	9,214,521	2,466,131	196,963	11,877,615
Food service operations	-	-	697,878	697,878
Community services	-	-	3,158	3,158
Facilities acquisition and construction	-	21,293	-	21,293
Debt service	292,091	-	-	292,091
	<u>19,416,382</u>	<u>2,487,424</u>	<u>2,205,998</u>	<u>24,109,804</u>
Excess (deficiency) of revenues over expenditures	<u>1,901,784</u>	<u>(2,487,424)</u>	<u>(742,108)</u>	<u>(1,327,748)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	2,442,678	600,000	3,042,678
Transfers out	(3,042,678)	-	-	(3,042,678)
	<u>(3,042,678)</u>	<u>2,442,678</u>	<u>600,000</u>	<u>-</u>
Net change in fund balances	(1,140,894)	(44,746)	(142,108)	(1,327,748)
Fund balances - beginning	11,395,140	133,455	943,993	12,472,588
Fund balances - ending	<u>\$ 10,254,246</u>	<u>\$ 88,709</u>	<u>\$ 801,885</u>	<u>\$ 11,144,840</u>

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

**EL PASO COUNTY SCHOOL DISTRICT NO. 14
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024**

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

Net change in fund balances - total governmental funds: \$ (1,327,748)

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.

Capital outlays	\$ 2,569,662	
Depreciation/amortization expense	<u>(816,235)</u>	1,753,427

Governmental funds do not present property tax revenues that are not available to pay current obligations. In contrast, such revenues are reported in the statement of activities when earned. (140,373)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of the governmental funds. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Repayment of principal		176,072
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Governmental funds measure compensated absences by the amount of financial resources used, whereas these expenses are reported in the statement of activities based on the amounts incurred during the year. (170,322)

Certain pension and OPEB expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Interest expense	\$ 1,521	
Changes in pension related items	(606,190)	
Changes in OPEB related items	<u>148,005</u>	<u>(456,664)</u>

Change in net position of governmental activities		<u><u>\$ (165,608)</u></u>
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The accompanying notes are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS

EL PASO COUNTY SCHOOL DISTRICT NO. 14
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of El Paso County School District No. 14 (the District) have been prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the District are discussed below.

A. REPORTING ENTITY

The District was established in 1893 and is organized under the Constitution of the State of Colorado. The legislative power of the School District is vested in the Board of Education, consisting of five members elected at large for staggered four-year terms.

The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units are, in substance, part of the primary government's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is both legally and substantively separate from the government.

Based on the application of these criteria, the District does not include additional organizations within its reporting entity.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. Any fiduciary activities are reported only in the fund financial statements. *Governmental activities* are supported by taxes and intergovernmental revenues. The *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which direct expenses of given functions or segments are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include (1) charges to students or other service users 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. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as *general revenues* rather than as program revenues.

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds. Separate financial statements are provided for governmental funds. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges for interfund services provided and used, the elimination of which would distort the direct costs and program revenues reported for the various functions.

The emphasis of fund financial statements is on major funds. Major individual funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as non-major funds.

EL PASO COUNTY SCHOOL DISTRICT NO. 14
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 general government, except those required to be accounted for in another fund.

Capital Project Funds account for the proceeds, construction and acquisition of capital assets.

Additionally, the District reports the following fund types:

Special Revenue Funds account for revenue sources that are legally restricted to expenditure for specific purposes.

The *Food Service Fund* accounts for transactions related to food service operations. It also accounts for USDA school breakfast/lunch money.

The *Designated Purpose Grants Fund* is used to record financial transaction for grants received for the designated programs funded by federal, state or local governments

The *Pupil Activity Fund* accounts for financial transactions related to school sponsored pupil intrascholastic and interscholastic athletic and other related activities.

The *Other Activities Fund* is used to account for the revenues and expenditures related to other student intrascholastic and interscholastic athletic and related activities.

The *Debt Service Fund* accounts for the servicing of long-term debt not being financed by the capital reserve or other funds.

During the course of operations, the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

EL PASO COUNTY SCHOOL DISTRICT NO. 14
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 the 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.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis* of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the period or soon enough thereafter to pay liabilities of the current fiscal period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. 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 and claims and judgments, are recorded only when payment is due. General capital asset acquisitions, including entering into contracts giving the District the right to use leased assets, are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under leases are reported as other financing sources.

Property taxes, interest, and charges for services 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. Specific ownership taxes collected and held by the county at year-end on behalf of the District are also recognized as revenue. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 120 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the District.

*D. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND NET POSITION/
FUND BALANCE*

Cash and cash equivalents

The District pools cash resources of its various funds in order to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balance in the cash account is available to meet current operating requirements. Cash and cash equivalents include cash on hand and in the bank and short-term investments with original maturities of three months or less from the date of acquisition.

Investments

Investments with a maturity of less than one year when purchased, non-negotiable certificates of deposit, and other nonparticipating investments are stated at cost or amortized cost. Investments with a maturity greater than one year when purchased are stated at fair value. Fair value is the price that would be received to sell an investment in an orderly transaction at year end.

Local government investment pools in Colorado must be organized under Colorado Revised Statutes, which allows certain types of governments within the state to pool their funds for investment purposes. Investments in such pools are reported at net asset value.

EL PASO COUNTY SCHOOL DISTRICT NO. 14
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Receivables

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

Inventories and prepaid items

Inventories are recorded as expenditures/expenses when consumed rather than when purchased. General warehouse inventory is valued at cost using the first-in/first-out (FIFO) method. Food Service inventory is stated at cost using the weighted average method except for commodities. USDA donated food commodities are valued at estimated acquisition value at the date of receipt.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Capital assets

Capital assets include tangible and intangible assets that are reported in the governmental activities column in the government-wide financial statements. Capital assets, except for lease assets, are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. For lease assets, only those intangible lease assets that cost more than \$50,000 are reported as capital assets.

As the District constructs or acquires capital assets each period they are capitalized and reported at historical cost (except for intangible right-to-use lease assets, the measurement of which is discussed in Note 1 D. *Leases* below). The reported value excludes normal maintenance and repairs, which are amounts spent in relation to capital assets that do not increase the asset's capacity or efficiency or increase its estimated useful life. Donated capital assets are recorded at acquisition value at the date of donation. Acquisition value is the price that would be paid to acquire an asset with equivalent service potential on the date of the donation. Intangible assets follow the same capitalization policies as tangible capital assets and are reported with tangible assets in the appropriate capital asset class.

Land and construction in progress are not depreciated. The other tangible and intangible assets of the District are depreciated/amortized using the straight-line method over the following estimated useful lives:

Site improvements	20-50 years
Buildings and improvements	15-50 years
Furniture and equipment	5-10 years
Vehicles	10-15 years

Accrued Salaries and Benefits

Salaries and benefits of teachers and other contracted personnel are paid over a twelve-month period, but are earned during a school year of approximately nine months. The salaries and benefits earned, but unpaid, are reported as a liability in the respective funds and have been fully funded as of the fiscal year end.

EL PASO COUNTY SCHOOL DISTRICT NO. 14
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Unearned Revenue

Unearned revenue includes resources received by the District before the related revenue can be recognized because the earnings process is not complete.

Deferred outflows/inflows of resources

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

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

Leases

Lessee: The District is a lessee for a noncancellable lease of equipment. The District recognizes a lease liability and an intangible right-to-use lease assets in the government-wide financial statements. The District recognizes lease liabilities with an initial, individual value of \$50,000 or more.

At the commencement of a lease, the District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the District determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the District is reasonably certain to exercise.

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

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

EL PASO COUNTY SCHOOL DISTRICT NO. 14
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Long-term liabilities

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Bond premiums and discounts are deferred and amortized over the life of the debt using the straight-line method. Bonds payable are reported net of the applicable premium or discount.

In the fund financial statements, governmental fund types recognize premiums and discounts, as well as issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Pensions

El Paso County School District No. 14 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.

OPEB

El Paso County School District No. 14 participates in the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit OPEB fund administered by the Public Employees' Retirement Association of Colorado ("PERA"). The net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, information about the fiduciary net position (FNP) and additions to/deductions from the FNP of the HCTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefits paid on behalf of health care participants are recognized when due and/or payable in accordance with the benefit terms. Investments are reported at fair value.

Net position

For government-wide reporting, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called net position. Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted.

Net investment in capital assets consists of capital assets, net of accumulated depreciation/amortization and reduced by outstanding balances of bonds, notes, and other debt that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.

EL PASO COUNTY SCHOOL DISTRICT NO. 14
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Restricted net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either by external parties or by law through constitutional provision or enabling legislation.

Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Fund balance classification

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications available to be used in the governmental fund financial statements are as follows:

Nonspendable – This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact.

Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal resolution of the Board of Education. These amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same type of action that was used when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

Assigned – This classification includes amounts that are constrained by the District's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Education or through the Board of Education delegating this responsibility to management through the budgetary process. This classification also includes the remaining positive fund balance for any governmental funds except for the General Fund.

Unassigned – This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

EL PASO COUNTY SCHOOL DISTRICT NO. 14
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The District would typically use Restricted fund balances first, followed by Committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned resources first to defer the use of these other classified funds.

E. REVENUES AND EXPENDITURES/EXPENSES

Property Taxes

Property taxes for the current year are certified in arrears to the County by December 15, and attach as an enforceable lien on property the following January 1. Property taxes are payable in full by April 30, or are payable in two equal installments due February 28 and June 15. The County Treasurer bills and collects the District's property tax. District property tax revenues are recognized when levied to the extent they result in current receivables.

The District is permitted to levy taxes on the assessed valuation for general governmental services and for the payment of principal and interest on long-term debt. The tax rate for the year ended December 31, 2023 is 49.208 mills for general operating expenses. The District's assessed valuation for the collection year 2024 is \$185,536,830. Taxes are assessed on \$182,923,250 which is the assessed valuation net of tax increment financing.

Specific Ownership Taxes

Specific ownership taxes are collected by the county for motor vehicle and other personal property registered in the District's assessment area. The tax receipts collected by the county are remitted to the District in the subsequent month and are considered unrestricted intergovernmental revenues. Specific ownership taxes are recorded as revenue when collected by the county.

Compensated Absences

Sick pay: Under the District's policies, all employees earn annual sick leave based upon their employment status as either a nine month or twelve month employee. All full time employees with at least five years of continuous service are eligible to receive upon resignation, termination, retirement or death, prorated payment of their accumulated annual sick leave.

The District has recorded the accrued liability for the sick pay in the accompanying financial statements. Unpaid liability for the sick pay for the governmental funds is recorded in the government-wide financial statements.

Vacation pay: The District has recorded the accrued liability for the dollar value of accumulated unpaid vacation that will be paid to employees upon separation from District service.

The current portion of this liability represents the amounts that would be liquidated with expendable available financial resources and would be recorded in the General Fund. The current portion is not material. Therefore, a liability of these benefits has not been reflected in these statements.

EL PASO COUNTY SCHOOL DISTRICT NO. 14
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

Budgets are required by State law for all funds, except fiduciary funds. The Superintendent submits a proposed budget to the Board of Education for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing them. It also includes a statement describing the major objectives of the educational program to be undertaken by the District and the manner in which the budget proposes to fulfill such objectives. Public hearings are conducted by the Board of Education to obtain public comments.

On or before June 30, the budget is adopted by formal resolution. After the adoption of the budget, the board may review and change the budget at any time prior to January 31 of the fiscal year for which the budget was adopted. After January 31, the board may not review or change the budget except where money for a specific purpose from other than ad valorem taxes becomes available which could not have been reasonable foreseen at the time of the adoption of the budget. Expenditures may not legally exceed appropriations at the fund level. Authorization to transfer budgeted amounts between line items within any fund rests with the Superintendent. Revisions that alter the total expenditures in any fund must be approved by the Board of Education. Appropriations are based on total funds expected to be available in each budget year, including beginning fund balances as established by the Board of Education.

Budgets for all fund types are adopted on a basis consistent with Generally Accepted Accounting Principles (GAAP). GAAP-basis accounting requires that expenditures of salaries and related benefits be recorded in the fiscal year earned. Thus, the District budgets for all accrued salaries and related benefits earned but unpaid at June 30. Budgeted amounts reported in the accompanying financial statements are as originally adopted and as amended by the Superintendent and/or Board of Education throughout the year. All appropriations lapse at the end of each fiscal year.

Excess of Expenditures over Appropriations

For the year ended June 30, 2024, expenditures exceeded appropriations in the Food Service Fund by \$17,531. These over-expenditures were funded by greater than anticipated revenues.

EL PASO COUNTY SCHOOL DISTRICT NO. 14
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 3 – DEPOSITS AND INVESTMENTS

A summary of deposits and investments as of June 30, 2024 is as follows:

Deposits	\$ 3,588,260
Investments	<u>10,224,413</u>
Total	<u>\$ 13,812,673</u>

Deposits and investments are reported in the financial statements as follows:

Cash and investments	<u>\$ 13,812,673</u>
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Cash deposits with financial institutions

Custodial Credit Risk—deposits: Custodial credit risk is the risk that, in the event of a bank failure, the District’s deposits might not be recovered. The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government 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. 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 the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits.

The carrying amount of the District’s deposits at June 30, 2024 was \$3,588,260 and the bank balances were \$2,212,682. Of the bank balances, \$250,000 were covered by federal deposit insurance, and the remaining balance was uninsured but collateralized in accordance with the provisions of the PDPA.

Investments

The District is authorized by Colorado statutes to invest in the following:

- Obligations of the United States and certain U.S. government agencies’ securities;
- Certain international agencies’ securities;
- General obligation and revenue bonds of U.S. local government entities;
- Bankers’ acceptances of certain banks;
- Certain commercial paper;
- Local government investment pools;
- Written repurchase agreements collateralized by certain authorized securities;
- Certain money market fund;
- Guaranteed investment contracts.

EL PASO COUNTY SCHOOL DISTRICT NO. 14
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)

At June 30, 2024 the District’s investment balances were as follows:

<u>Investment Type</u>	<u>Year-end Balance</u>	<u>Measurement</u>	<u>Maturity</u>	<u>Standard & Poor’s Rating</u>
ColoTrust	\$ 10,215,317	Net asset value	Less than 90 days	AAAm
Certificate of Deposit	<u>9,096</u>	Amortized cost	Less than 90 days	AA
	<u>\$ 10,224,413</u>			

Local Government Investment Pools. The Colorado Local Government Liquid Asset Trust (ColoTrust) is an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces the requirements of creating and operating the pools, which operate in conformity with the Securities and Exchange Commission's Rule 2a-7 as promulgated under the Investment Company Act of 1940, as amended, which includes the maintenance of each share equal in value to \$1.00. Investments 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 custodians’ internal records identify the investments owned by the participating governments. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

Interest Rate Risk – Interest rate risk is the risk that changes in the market interest rates will adversely affect the fair value of an investment. As a means of managing its exposure to interest rate risk, the District has a board approved investment policy that limits investment maturities to five years or less. Colorado revised statute 24-75-601 also limits investment maturities to five years or less.

Credit Risk – Credit risk is the risk that an issuer of an investment will not fulfill its obligations to the holder of the investment. Credit risk is measured by the assignment of a rating by a nationally recognized statistical rating organization. State law and District policy limit investments to those described above.

Concentration of Credit Risk – Concentration of credit risk is the risk of loss that may be caused by the District’s investment in a single issuer. The District places no limit on the amount it may invest in any one issuer. More than 20 percent of the District’s investments are in ColoTrust. These investments are 99.91% of the District’s total investments.

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

- Level 1 inputs reflect prices quoted in active markets.
- Level 2 inputs reflect prices that are based on a similar observable asset either directly or indirectly, which may include inputs in markets that are not considered to be active.
- Level 3 inputs reflect prices based upon unobservable sources.

District investments measured at net asset value or amortized cost fall under the existing exemptions to fair value measurement.

EL PASO COUNTY SCHOOL DISTRICT NO. 14
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 4 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Receivables and Payables

Interfund receivables and payables are created in conjunction with the District’s pooled cash and investment portfolios. Balances are routinely cleared as a matter of practice.

The composition of interfund balances as of June 30, 2024, is as follows:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund	\$ 608,428	\$ 1,123,912
Capital Projects Fund	642,552	277,639
Nonmajor Funds	<u>613,217</u>	<u>462,646</u>
Total	<u>\$ 1,864,197</u>	<u>\$ 1,864,197</u>

Interfund transfers

The composition of interfund transfers for the year ended June 30, 2024, is as follows:

	<u>Transfers From Other Funds</u>	<u>Transfers To Other Funds</u>
General Fund	\$ -	\$ 3,042,678
Capital Projects Fund	2,442,678	-
Nonmajor Funds	<u>600,000</u>	<u>-</u>
Total	<u>\$ 3,042,678</u>	<u>\$ 3,042,678</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations and (3) move capital assets from one fund to another fund when the fund using the capital assets changes.

EL PASO COUNTY SCHOOL DISTRICT NO. 14
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2024 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<i>Governmental activities</i>				
Capital assets not being depreciated:				
Sites	\$ 1,155,307	\$ -	\$ -	\$ 1,155,307
Construction in progress	<u>1,045,100</u>	<u>630,283</u>	<u>-</u>	<u>1,675,383</u>
Total capital assets not being depreciated	<u>2,200,407</u>	<u>630,283</u>	<u>-</u>	<u>2,830,690</u>
Capital assets being depreciated:				
Site improvements	3,652,063	-	-	3,652,063
Buildings and improvements	19,151,477	1,757,515	-	20,908,992
Vehicles	1,235,715	153,166	(2,300)	1,386,581
Equipment	<u>2,257,122</u>	<u>28,698</u>	<u>-</u>	<u>2,285,820</u>
Total capital assets being depreciated	<u>26,296,377</u>	<u>1,939,379</u>	<u>(2,300)</u>	<u>28,233,456</u>
Less accumulated depreciation for:				
Site improvements	(2,625,438)	(167,117)	-	(2,792,555)
Buildings and improvements	(11,999,815)	(537,950)	-	(12,537,765)
Vehicles	(1,123,094)	(33,016)	2,300	(1,153,810)
Equipment	<u>(1,921,009)</u>	<u>(59,135)</u>	<u>-</u>	<u>(1,980,144)</u>
Total accumulated depreciation	<u>(17,669,356)</u>	<u>(797,218)</u>	<u>2,300</u>	<u>(18,464,274)</u>
Total capital assets being depreciated, net	<u>8,627,021</u>	<u>1,142,161</u>	<u>-</u>	<u>9,769,182</u>
Lease assets being amortized:				
Furniture and equipment	<u>83,990</u>	<u>-</u>	<u>-</u>	<u>83,990</u>
Total lease assets being amortized	<u>83,990</u>	<u>-</u>	<u>-</u>	<u>83,990</u>
Less accumulated amortization for:				
Furniture and equipment	<u>(38,034)</u>	<u>(19,017)</u>	<u>-</u>	<u>(57,051)</u>
Total accumulated amortization	<u>(38,034)</u>	<u>(19,017)</u>	<u>-</u>	<u>(57,051)</u>
Total lease assets being amortized, net	<u>45,956</u>	<u>(19,017)</u>	<u>-</u>	<u>26,939</u>
Capital assets, net of accumulated depreciation/amortization	<u>8,672,977</u>	<u>1,123,144</u>	<u>-</u>	<u>9,796,121</u>
Total governmental activities capital assets	<u>\$ 10,873,384</u>	<u>\$ 1,753,427</u>	<u>\$ -</u>	<u>\$ 12,626,811</u>

EL PASO COUNTY SCHOOL DISTRICT NO. 14
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 5 - CAPITAL ASSETS (CONTINUED)

Depreciation/amortization expense was charged to the functions/programs of the governmental activities of the primary government as follows:

Governmental Activities

Instruction	\$ 341,223
Supporting services	329,929
Food services	3,536
Facilities acquisition	<u>141,547</u>
Total depreciation/amortization expense	<u>\$ 816,235</u>

NOTE 6 – LEASES

District as lessee

The District, as a lessee, has entered into a lease agreement involving equipment with a lease term of four years. The total costs of these right-to-use lease assets are recorded as \$83,990, less accumulated amortization of \$57,051. The District has determined that as of June 30, 2024, there is no loss associated with an impairment of the right-to-use lease asset.

The future lease payments under lease agreements as of June 30, 2024 are as follows:

<u>Fiscal Year</u> <u>Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 20,247	\$ 1,443	\$ 21,690
2026	<u>8,606</u>	<u>431</u>	<u>9,037</u>
Total	<u>\$ 28,853</u>	<u>\$ 1,874</u>	<u>\$ 30,727</u>

EL PASO COUNTY SCHOOL DISTRICT NO. 14
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 7– LONG-TERM LIABILITIES

Certificate of Participation

Certificates of participation (COPs) are lease-financing agreements used by the District to provide funds for the acquisition and construction of major capital facilities. Under such agreements, the District makes regular payments over an annually renewable contract for the acquisition and use of the property. COPs have been issued for governmental activities. COPs are not considered general obligations of the District. COPs are secured by lease revenues through a lease-financing agreement.

Certificates of participation outstanding at June 30, 2024 are as follows:

	<u>Original Borrowing</u>	<u>Interest Rates</u>	<u>Final Maturity</u>	<u>Outstanding at Year-end</u>
<i>Governmental Activities</i>				
Certificates of Participation 2022	\$ 4,070,000	2.910%	2042	\$ <u>3,747,429</u>
Total				\$ <u><u>3,747,429</u></u>

Annual debt service requirements to maturity for certificates of participation are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2025	\$ 161,351	\$ 109,050
2026	166,047	104,355
2027	170,879	99,523
2028	175,851	94,550
2029	180,969	89,433
2030 – 2034	986,968	365,039
2035 – 2039	1,139,178	212,832
2040 – 2042	<u>766,186</u>	<u>45,019</u>
Total	<u>\$ 3,747,429</u>	<u>\$ 1,119,801</u>

EL PASO COUNTY SCHOOL DISTRICT NO. 14
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 7 – LONG-TERM LIABILITIES (CONTINUED)

Changes in Long-Term Liabilities

Changes in the District’s long-term liabilities for the year ended June 30, 2024, are as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>	<u>Amount Due Within One year</u>
<i>Governmental Activities</i>					
Certificates of participation	\$ 3,904,218	\$ -	\$ (156,789)	\$ 3,747,429	\$ 161,351
Leases	48,136	-	(19,283)	28,853	20,247
Compensated absences	35,807	170,322	-	206,129	-
Net pension liability	27,412,382	7,187,709	(1,818,098)	32,781,993	-
Net OPEB liability	<u>934,182</u>	<u>85,314</u>	<u>(227,943)</u>	<u>791,553</u>	<u>-</u>
<i>Total Governmental Activities</i>	<u>\$ 32,334,725</u>	<u>\$ 7,443,345</u>	<u>\$ (2,222,113)</u>	<u>\$ 37,555,957</u>	<u>\$ 181,598</u>

Certificates of participation and leases are liquidated in the general fund. Approximately 90% of compensated absences, net pension liabilities, and net OPEB liabilities are normally liquidated in the general fund, with remaining amounts liquidated in other governmental funds.

NOTE 8 – DEFINED BENEFIT PENSION PLAN

General Information about the Pension Plan

Plan description. Eligible employees of the El Paso County School District No. 14 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:

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

EL PASO COUNTY SCHOOL DISTRICT NO. 14
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 8 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

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

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

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

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

Contributions provisions as of June 30, 2024: Eligible employees of, El Paso County School District No. 14 and the State are required to contribute to the SCHDTF at a rate set by Colorado statute. The contribution requirements for the SCHDTF are established under C.R.S. § 24-51-401, *et seq.* and § 24-51-413. Eligible employees are required to contribute 11.00% of their PERA-includable salary during the period of July 1, 2023 through June 30, 2024. Employer contribution requirements are summarized in the table below:

	July 1, 2023 Through June 30, 2024
Employer contribution rate	11.40%
Amount of employer contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f)	(1.02)%
Amount apportioned to the SCHDTF	10.38%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	4.50%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	5.50%
Total employer contribution rate to the SCHDTF	20.38%

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

EL PASO COUNTY SCHOOL DISTRICT NO. 14
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 8 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the El Paso County School District No. 14 is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from El Paso County School District No. 14 were \$2,545,868 for the year ended June 30, 2024.

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 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 as of 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 El Paso County School District No. 14 proportion of the net pension liability was based on El Paso County School District No. 14 contributions to the SCHDTF for the calendar year 2023 relative to the total contributions of participating employers and the State as a nonemployer contributing entity.

At June 30, 2024, the El Paso County School District No. 14 reported a liability of \$32,781,993 for its proportionate share of the net pension liability that reflected an increase for support from the State as a nonemployer contributing entity. The amount recognized by the El Paso County School District No. 14 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 El Paso County School District No. 14 were as follows:

El Paso County School District No. 14 proportionate share of the net pension liability	\$ 32,781,993
The State’s proportionate share of the net pension liability as a nonemployer contributing entity associated with the El Paso County School District No. 14	718,812
Total	\$ 33,500,805

EL PASO COUNTY SCHOOL DISTRICT NO. 14
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 8 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

At December 31, 2023, the El Paso County School District No. 14 proportion was 0.1853826332%, which was an increase of 0.0348434386% from its proportion measured as of December 31, 2022.

For the year ended June 30, 2024, the El Paso County School District No. 14 recognized pension expense of \$606,190 and revenue of \$67,285 for support from the State as a nonemployer contributing entity. At June 30, 2024, the El Paso County School District No. 14 reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 1,554,487	\$ -
Changes of assumptions or other inputs	-	-
Net difference between projected and actual earnings on pension plan investments	2,349,958	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	3,722,968	1,805,682
Contributions subsequent to the measurement date	1,274,290	N/A
Total	<u>\$ 8,901,703</u>	<u>\$ 1,805,682</u>

\$1,274,290 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2025	\$ 871,174
2026	2,883,678
2027	2,722,111
2028	(655,232)
2029	-
Thereafter	-

EL PASO COUNTY SCHOOL DISTRICT NO. 14
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 8 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

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

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 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 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.

EL PASO COUNTY SCHOOL DISTRICT NO. 14
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 8 – DEFINED BENEFIT PENSION PLAN (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 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 in the table as follows:

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
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	100.00%	

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

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

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

EL PASO COUNTY SCHOOL DISTRICT NO. 14
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 8 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

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

Sensitivity of the El Paso County School District No. 14 proportionate share of the net pension liability to changes in the discount rate. The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.25%, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.25%) or 1-percentage point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	\$ 43,834,979	\$ 32,781,993	\$ 23,565,141

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.

EL PASO COUNTY SCHOOL DISTRICT NO. 14
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 8 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

Significant Changes in Plan Provisions Affecting Trends in Actuarial Information
2023 Changes in Plan Provision 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.

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.

NOTE 9 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN

General Information about the OPEB Plan

Plan description. Eligible employees of the El Paso County School District No. 14 are provided with OPEB through the HCTF—a cost-sharing multiple-employer defined benefit OPEB plan administered by PERA. The HCTF is established under Title 24, Article 51, Part 12 of the Colorado Revised Statutes (C.R.S.), as amended, and sets forth a framework that grants authority to the PERA Board to contract, self-insure, and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of the premium subsidies. Colorado State law provisions may be amended by the Colorado General Assembly. PERA issues a publicly available annual comprehensive financial report (ACFR) that can be obtained at www.copera.org/investments/pera-financial-reports.

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

EL PASO COUNTY SCHOOL DISTRICT NO. 14
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 9 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

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

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

PERA Benefit Structure

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

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

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

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

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the El Paso County School District No. 14 is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from El Paso County School District No. 14 were \$127,420 for the year ended June 30, 2024.

EL PASO COUNTY SCHOOL DISTRICT NO. 14
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

**NOTE 9 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN
(CONTINUED)**

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

At June 30, 2024, the El Paso County School District No. 14 reported a liability of \$791,553 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 El Paso County School District No. 14 proportion of the net OPEB liability was based on El Paso County School District No. 14 contributions to the HCTF for the calendar year 2023 relative to the total contributions of participating employers to the HCTF.

At December 31, 2023, the El Paso County School District No. 14 proportion was 0.1109043864%, which was a decrease of 0.0035115404% from its proportion measured as of December 31, 2022.

For the year ended June 30, 2024, the El Paso County School District No. 14 recognized OPEB expense of \$(148,005). At June 30, 2024, the El Paso County School District No. 14 reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$ 162,236
Changes of assumptions or other inputs	9,308	83,931
Net difference between projected and actual earnings on OPEB plan investments	24,481	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	10,679	34,716
Contributions subsequent to the measurement date	63,779	N/A
Total	\$ 108,247	\$ 280,883

EL PASO COUNTY SCHOOL DISTRICT NO. 14
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 9 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

\$63,779 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	
2025	\$ (97,166)
2026	(56,409)
2027	(22,093)
2028	(39,863)
2029	(15,622)
Thereafter	(5,262)

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	2.30%
Real wage growth	0.70%
Wage inflation	3.00%
Salary increases, including wage inflation	3.40% - 11.00%
Long-term investment rate of return, net of OPEB	
plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Health care cost trend rates	
PERA benefit structure:	
Service-based premium subsidy	0.00%
PERACare Medicare plans ¹	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
DPS benefit structure:	
Service-based premium subsidy	0.00%
PERACare Medicare plans	N/A
Medicare Part A premiums	N/A

¹ UnitedHealthcare MAPD PPO plans are 0% for 2023.

EL PASO COUNTY SCHOOL DISTRICT NO. 14
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 9 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

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.

Age-Related Morbidity Assumptions

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

Sample Age	MAPD PPO #1 with Medicare Part A		MAPD PPO #2 with Medicare Part A		MAPD HMO (Kaiser) with Medicare Part A	
	Retiree/Spouse		Retiree/Spouse		Retiree/Spouse	
	Male	Female	Male	Female	Male	Female
65	\$1,692	\$1,406	\$579	\$481	\$1,913	\$1,589
70	\$1,901	\$1,573	\$650	\$538	\$2,149	\$1,778
75	\$2,100	\$1,653	\$718	\$566	\$2,374	\$1,869

Sample Age	MAPD PPO #1 without Medicare Part A		MAPD PPO #2 without Medicare Part A		MAPD HMO (Kaiser) without Medicare Part A	
	Retiree/Spouse		Retiree/Spouse		Retiree/Spouse	
	Male	Female	Male	Female	Male	Female
65	\$6,469	\$5,373	\$4,198	\$3,487	\$6,719	\$5,581
70	\$7,266	\$6,011	\$4,715	\$3,900	\$7,546	\$6,243
75	\$8,026	\$6,319	\$5,208	\$4,101	\$8,336	\$6,563

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

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

EL PASO COUNTY SCHOOL DISTRICT NO. 14
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 9 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

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

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and industry methods developed by health plan actuaries and administrators. In addition, projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services are referenced in the development of these rates. 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 that were used to measure the TOL are summarized in the table below:

Year	PERACare Medicare Plans	Medicare Part A Premiums
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 using 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 School Division were based upon the PubT-2010 Employee Table with generational projection using scale MP-2019.

EL PASO COUNTY SCHOOL DISTRICT NO. 14
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 9 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

Post-retirement non-disabled mortality assumptions for the School Division 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 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 State Troopers 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 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, valuations were based on the 2020 experience analysis, dated October 28, 2020, and November 4, 2020, for the period January 1, 2016, through December 31, 2019. Revised economic and demographic assumptions were adopted by PERA's Board on November 20, 2020.

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.

EL PASO COUNTY SCHOOL DISTRICT NO. 14
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 9 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

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

The PERA Board first adopted the 7.25% long-term expected rate of return as of November 18, 2016. Following an asset/liability study, the Board reaffirmed the assumed rate of return at the 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:

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
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	100.00%	

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

Sensitivity of the El Paso County School District No. 14 proportionate share of the net OPEB liability to changes in the Health Care Cost Trend Rates. The following presents the net OPEB liability using the current health care cost trend rates applicable to the PERA benefit structure, as well as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rates:

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Initial PERACare Medicare trend rate ¹	5.75%	6.75%	7.75%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	2.50%	3.50%	4.50%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability	\$ 768,835	\$ 791,553	\$ 816,266

¹For the January 1, 2024, plan year.

EL PASO COUNTY SCHOOL DISTRICT NO. 14
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

**NOTE 9 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN
(CONTINUED)**

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.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00%.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Estimated transfers of dollars into the HCTF representing a portion of purchase service agreements intended to cover the costs associated with OPEB benefits.
- Benefit payments and contributions were assumed to be made at the middle of the year.
- 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.

EL PASO COUNTY SCHOOL DISTRICT NO. 14
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 9 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (CONTINUED)

Sensitivity of the El Paso County School District No. 14 proportionate share of the net OPEB liability to changes in the discount rate. The following presents the proportionate share of the net OPEB liability calculated using the discount rate of 7.25%, as well as what the proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25%) or 1-percentage-point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	\$ 934,924	\$ 791,553	\$ 668,900

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.

Significant Changes in Plan Provisions Affecting Trends in Actuarial Information
2023 Changes in Plan Provision 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.

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.

NOTE 10 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; workers’ compensation; general liability; unemployment; and employee benefit expenses related to health programs.

The District is provided with property and liability insurance through the Colorado School Districts Self Insurance Pool. The District carries commercial insurance for worker’s compensation and medical coverage. Settled claims resulting from these risks have not exceeded the insurance coverage for each of the past three years.

EL PASO COUNTY SCHOOL DISTRICT NO. 14
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 10 - RISK MANAGEMENT (CONTINUED)

Colorado School Districts Self Insurance Pool

The District is a member of the Colorado School Districts Self Insurance Pool (the Pool), which operates as a self-insurance pool comprised of various school districts and other related public educational entities within the State of Colorado. The board of the Pool is selected by member entities. The District pays an annual premium to the Pool for its general property and liability coverage.

NOTE 11 – JOINTLY GOVERNED ORGANIZATION

Ute Pass Board of Cooperative Educational Services

The District participates in the Ute Pass Board of Cooperative Educational Services (BOCES). The District has two members on a five member board. This board has final authority for all budgeting and financing of the joint venture.

The District’s share of annual contributions to the joint venture was approximately 25% for the year ended June 30, 2023. Audited financial information for the joint venture as of June 30, 2023 (latest information available) is as follows:

	Governmental Funds
Assets	\$ 733,071
Liabilities	698,643
Fund balance	\$ 34,428
Revenues	\$ 2,368,647
Expenditures	2,361,425
Change in fund balance	\$ 7,222

Complete financial statements for the BOCES can be obtained from their office at 405 El Monte Place, Manitou Springs, Colorado 80829.

NOTE 12 – COMMITMENTS AND CONTINGENCIES

Grants

The District has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to a request for reimbursement to grantor agencies for expenditures disallowed under terms of the grant. However, in the opinion of the District, any such adjustments will not have a material adverse effect on the financial position of the District.

EL PASO COUNTY SCHOOL DISTRICT NO. 14
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 13 - TAX, SPENDING, AND DEBT LIMITATIONS

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations including revenue raising, spending abilities and other specific requirements of state and local governments, including school districts.

The amendment requires emergency reserves be established. These reserves must be at least 3% of fiscal year spending. The District is not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls or salary and benefit increases. At June 30, 2024 there is a \$635,500 reservation of fund balance in the General Fund for the amendment.

Fiscal year spending and revenue limits are determined based on the prior years' spending adjusted for inflation and local growth. Revenue in excess of the limit must be refunded unless the voters approve retention of such revenue.

The amendment requires, with certain exceptions, voter approval prior to imposing new taxes, increasing tax rate, increasing a mill levy above that for the prior year, extending an expiring tax, or implementing a tax policy change directly causing a net tax revenue gain to any local government.

On November 3, 1998 the voters of the District authorized the District to collect, retain and expend all revenues from all sources in the fiscal year ended June 30, 1999 and subsequent years, notwithstanding any state restriction on fiscal year spending, including, without limitation, the restrictions of Article X, Section 20, of the Colorado Constitution.

On November 7, 2000 the voters of the District allowed the District to increase property taxes \$900,000 annually, stipulating that the District's total mill levy for all purposes shall not exceed 48.50 mills for fiscal year 2000-2001, 50.00 mills for fiscal year 2001-2002 and 52.00 mills for fiscal year 2002-2003 and thereafter.

On November 7, 2000 the voters of the District allowed the District to increase debt by \$8,500,000 with a repayment cost of \$17,842,375 for capital construction purposes of the District. The District also allowed taxes to be increased \$1,004,250 annually to pay off the above debt.

On November 7, 2006 the voters of the District allowed the District to raise taxes up to \$1,000,000 annually, stipulating that the District's mill levy for all purposes shall not exceed 49.00 mills for fiscal year 2007-2008 and thereafter.

On November 3, 2015 the voters of the District allowed the District to raise taxes by \$1,800,000 in the 2016 collection year, and by such amounts as may be collected annually thereafter, stipulating that the District's mill levy for all purposes shall not exceed 52.00 mills in any collection year, unless otherwise authorized by law.

The amendment is complex and subject to judicial interpretation. The District believes it is in compliance with the requirements of the amendment. However, the District has made certain interpretations of the amendment's language in order to determine its compliance.

EL PASO COUNTY SCHOOL DISTRICT NO. 14
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 14 – COLORADO SCHOOL DISTRICT/BOCES, ELECTRONIC DATA INTEGRITY CHECK FIGURES

The School Finance Act requires inclusion of the Colorado School District/BOCES, Electronic Financial Data Integrity Check Figures as a supplement schedule to the audited financial statements. The Report is based on a prescribed basis of accounting that demonstrates compliance with the financial policies and procedures of the Colorado Department of Education.

REQUIRED SUPPLEMENTARY INFORMATION

EL PASO COUNTY SCHOOL DISTRICT NO. 14
SCHEDULE OF THE EMPLOYER'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
JUNE 30, 2024

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of the net pension liability (asset)	0.1853826332%	0.1505391946%	0.1743380329%	0.1964600419%	0.1746898759%	0.1723110890%	0.1937936701%	0.1894734254%	0.1819522308%	0.1825887297%
District's proportionate share of the net pension liability (asset)	\$ 32,781,993	\$ 27,412,382	\$ 20,288,355	\$ 29,700,796	\$ 26,098,288	\$ 30,511,218	\$ 62,665,985	\$ 56,413,566	\$ 27,828,309	\$ 24,746,906
State's proportionate share of the net pension liability (asset) associated with the District	718,812	7,988,244	2,325,801	-	3,310,236	4,171,985	-	-	-	-
Total	<u>\$ 33,500,805</u>	<u>\$ 35,400,626</u>	<u>\$ 22,614,156</u>	<u>\$ 29,700,796</u>	<u>\$ 29,408,524</u>	<u>\$ 34,683,203</u>	<u>\$ 62,665,985</u>	<u>\$ 56,413,566</u>	<u>\$ 27,828,309</u>	<u>\$ 24,746,906</u>
District's covered payroll	\$ 12,255,466	\$ 11,614,192	\$ 10,897,909	\$ 10,506,561	\$ 10,265,088	\$ 9,472,866	\$ 8,939,473	\$ 8,503,907	\$ 7,929,437	\$ 7,649,158
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	267.49%	236.02%	186.17%	282.69%	254.24%	322.09%	701.00%	663.38%	350.95%	323.52%
Plan fiduciary net position as a percentage of the total pension liability	64.7%	61.8%	74.9%	67.0%	64.5%	57.0%	44.0%	43.1%	59.2%	62.8%

* The amounts presented for each year were determined as of 12/31.

See the accompanying independent auditors' report.

EL PASO COUNTY SCHOOL DISTRICT NO. 14
SCHEDULE OF THE EMPLOYER'S PAYROLL CONTRIBUTIONS - PENSION
JUNE 30, 2024

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 2,545,868	\$ 2,423,272	\$ 2,249,441	\$ 2,100,380	\$ 2,024,992	\$ 1,895,597	\$ 1,722,815	\$ 1,611,906	\$ 1,459,807	\$ 1,265,725
Contributions in relation to the contractually required contribution	<u>(2,545,868)</u>	<u>(2,423,272)</u>	<u>(2,249,441)</u>	<u>(2,100,380)</u>	<u>(2,024,992)</u>	<u>(1,895,597)</u>	<u>(1,722,815)</u>	<u>(1,611,906)</u>	<u>(1,459,807)</u>	<u>(1,265,725)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 12,491,992	\$ 11,890,442	\$ 11,315,095	\$ 10,565,291	\$ 10,448,869	\$ 9,909,025	\$ 9,125,078	\$ 8,769,892	\$ 8,233,543	\$ 7,498,369
Contributions as a percentage of covered payroll	20.38%	20.38%	19.88%	19.88%	19.38%	19.13%	18.88%	18.38%	17.73%	16.88%

* The amounts presented for each fiscal year were determined as of 6/30.

See the accompanying independent auditors' report.

**EL PASO COUNTY SCHOOL DISTRICT NO. 14
SCHEDULE OF THE EMPLOYER'S PROPORTIONATE SHARE
OF THE NET OPEB LIABILITY
JUNE 30, 2024**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
District's proportion of the net OPEB liability (asset)	0.1109043864%	0.1144159268%	0.1138294822%	0.1136156319%	0.1141633103%	0.1120031219%	0.1101128074%	0.1076989409%
District's proportionate share of the net OPEB liability (asset)	\$ 791,553	\$ 934,182	\$ 981,557	\$ 1,079,604	\$ 1,283,193	\$ 1,523,850	\$ 1,431,026	\$ 1,396,353
District's covered payroll	\$ 12,255,466	\$ 11,614,192	\$ 10,897,909	\$ 10,506,561	\$ 10,265,088	\$ 9,472,866	\$ 8,939,473	\$ 8,503,907
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	6.46%	8.04%	9.01%	10.28%	12.50%	16.09%	16.01%	16.42%
Plan fiduciary net position as a percentage of the total OPEB liability	46.2%	38.6%	39.4%	32.8%	24.5%	17.0%	17.5%	16.7%

* The amounts presented for each year were determined as of 12/31.

* Complete 10-year information to be presented in future years as it becomes available.

See the accompanying independent auditors' report.

EL PASO COUNTY SCHOOL DISTRICT NO. 14
SCHEDULE OF THE EMPLOYER'S PAYROLL CONTRIBUTIONS - OPEB
JUNE 30, 2024

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 127,420	\$ 121,284	\$ 115,416	\$ 107,767	\$ 106,580	\$ 101,072	\$ 93,056	\$ 89,433
Contributions in relation to the contractually required contribution	<u>(127,420)</u>	<u>(121,284)</u>	<u>(115,416)</u>	<u>(107,767)</u>	<u>(106,580)</u>	<u>(101,072)</u>	<u>(93,056)</u>	<u>(89,433)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 12,491,992	\$ 11,890,442	\$ 11,315,095	\$ 10,565,291	\$ 10,448,869	\$ 9,909,025	\$ 9,125,078	\$ 8,769,892
Contributions as a percentage of covered payroll	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%

* The amounts presented for each fiscal year were determined as of 6/30.

* Complete 10-year information to be presented in future years as it becomes available.

See the accompanying independent auditors' report.

GENERAL FUND

This fund is used to account for and report all financial resources not accounted for and reported in another fund. Any lawful expenditure of the School District, including any expenditure of a nature that could be made from any other fund, may be made from the General Fund.

The General Fund is always considered to be a major fund for financial reporting purposes.

EL PASO COUNTY SCHOOL DISTRICT NO. 14
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2024

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Local sources	\$ 9,840,511	\$ 9,840,511	\$ 10,463,596	\$ 623,085
State sources	10,613,246	10,613,246	10,273,355	(339,891)
Federal sources	353,264	353,264	581,215	227,951
Total revenues	<u>20,807,021</u>	<u>20,807,021</u>	<u>21,318,166</u>	<u>511,145</u>
EXPENDITURES				
Instruction	10,073,863	10,073,863	9,909,770	164,093
Supporting services				
Student support	1,475,777	1,475,777	1,298,795	176,982
Instructional staff	1,237,796	1,237,796	1,250,201	(12,405)
General administration	980,622	980,622	741,121	239,501
School administration	1,516,396	1,516,396	1,467,788	48,608
Business services	629,553	629,553	544,970	84,583
Operations and maintenance	2,304,816	2,304,816	2,443,924	(139,108)
Student transportation	832,269	832,269	889,629	(57,360)
Central support service	598,941	598,941	578,093	20,848
Debt Service				
Principal	-	-	176,071	(176,071)
Interest and other charges	-	-	116,020	(116,020)
Contingency reserves	7,619,039	7,619,039	-	7,619,039
Total expenditures	<u>27,269,072</u>	<u>27,269,072</u>	<u>19,416,382</u>	<u>7,852,690</u>
Excess (deficiency) of revenues over expenditures	(6,462,051)	(6,462,051)	1,901,784	8,363,835
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(4,644,274)</u>	<u>(4,644,274)</u>	<u>(3,042,678)</u>	<u>1,601,596</u>
Net change in fund balances	(11,106,325)	(11,106,325)	(1,140,894)	9,965,431
Fund balances - beginning	<u>11,106,325</u>	<u>11,106,325</u>	<u>11,395,140</u>	<u>288,815</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,254,246</u>	<u>\$ 10,254,246</u>

See the accompanying independent auditors' report.

**COMBINING AND INDIVIDUAL FUND FINANCIAL
STATEMENTS AND SCHEDULES**

Capital Projects Fund

This fund is used to account for significant capital expenditures of the District.

For financial reporting purposes, the Capital Projects Fund was determined to be a major fund of the District for the current fiscal year.

EL PASO COUNTY SCHOOL DISTRICT NO. 14
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2024

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES			
Local sources	\$ -	\$ -	\$ -
EXPENDITURES			
Supporting services:			
Operation and maintenance	3,624,104	2,312,965	1,311,139
Student transportation	-	153,166	(153,166)
Facilities acquisition and construction	100,000	21,293	78,707
Contingency reserves	407,222	-	407,222
Total expenditures	<u>4,131,326</u>	<u>2,487,424</u>	<u>1,643,902</u>
Excess (deficiency) of revenues over expenditures	(4,131,326)	(2,487,424)	1,643,902
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>3,819,274</u>	<u>2,442,678</u>	<u>(1,376,596)</u>
Net change in fund balance	(312,052)	(44,746)	267,306
Fund balance - beginning	<u>312,052</u>	<u>133,455</u>	<u>(178,597)</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ 88,709</u>	<u>\$ 88,709</u>

See the accompanying independent auditors' report.

NON-MAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditures for specified purposes. The District has the following Special Revenue Funds:

Food Service Fund

This fund accounts for all financial activities associated with the District's school lunch program.

Designated-Purpose Grants Fund

This fund is authorized by Colorado state law for the purpose of accounting for financial assistance from certain state and federal grants.

Pupil Activity Fund

Used to record financial transactions related to school-sponsored pupil intra-scholastic and interscholastic athletic and related events. These activities are supported by revenues from pupils, gate receipts and other fund-raising activities, as well as general fund subsidies.

Other Activities Fund

Used to record financial transactions related to other pupil intra-scholastic and interscholastic athletic and related events. These activities are supported by revenues from pupils, gate receipts and other fund-raising activities.

Debt Service Fund

The Debt Service Fund was created to account for resources to be used to service general obligation long-term debt. The District has the following Debt Service Fund:

Bond Redemption Fund

This fund will account for the restricted general obligation property tax used to finance principal and interest payments on the bonds.

**EL PASO COUNTY SCHOOL DISTRICT NO. 14
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2024**

	Special Revenue Funds					
	Food Service Fund	Designated Purpose Grants Fund	Pupil Activity Fund	Other Activities Fund	Debt Service Fund	Total Nonmajor Governmental Funds
ASSETS						
Cash and investments	\$ 43,616	\$ -	\$ 149,644	\$ 587,305	\$ -	\$ 780,565
Other receivables	-	32,940	-	-	-	32,940
Due from other funds	184,771	335,208	3,742	39,704	49,792	613,217
Inventories	8,654	-	-	-	-	8,654
Total assets	<u>\$ 237,041</u>	<u>\$ 368,148</u>	<u>\$ 153,386</u>	<u>\$ 627,009</u>	<u>\$ 49,792</u>	<u>\$ 1,435,376</u>
LIABILITIES						
Accounts payable	\$ 26,780	\$ -	\$ -	\$ 145	\$ -	\$ 26,925
Accrued salaries and benefits	55,754	26,289	-	-	-	82,043
Due to other funds	55,191	279,982	63,419	64,054	-	462,646
Unearned revenue	-	61,877	-	-	-	61,877
Total liabilities	<u>137,725</u>	<u>368,148</u>	<u>63,419</u>	<u>64,199</u>	<u>-</u>	<u>633,491</u>
FUND BALANCES						
Nonspendable	8,654	-	-	-	-	8,654
Restricted	-	-	-	-	49,792	49,792
Committed	90,662	-	89,967	562,810	-	743,439
Total fund balances	<u>99,316</u>	<u>-</u>	<u>89,967</u>	<u>562,810</u>	<u>49,792</u>	<u>801,885</u>
Total liabilities and fund balances	<u>\$ 237,041</u>	<u>\$ 368,148</u>	<u>\$ 153,386</u>	<u>\$ 627,009</u>	<u>\$ 49,792</u>	<u>\$ 1,435,376</u>

See the accompanying independent auditors' report.

EL PASO COUNTY SCHOOL DISTRICT NO. 14
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2024

	<u>Special Revenue Funds</u>					
	<u>Food Service Fund</u>	<u>Designated Purpose Grants Fund</u>	<u>Pupil Activity Fund</u>	<u>Other Activities Fund</u>	<u>Debt Service Fund</u>	<u>Total Nonmajor Governmental Funds</u>
REVENUES						
Local sources	\$ 29,076	\$ -	\$ 95,856	\$ 546,422	\$ 56	\$ 671,410
State sources	264,609	-	-	-	-	264,609
Federal sources	352,767	159,707	-	15,397	-	527,871
Total revenues	<u>646,452</u>	<u>159,707</u>	<u>95,856</u>	<u>561,819</u>	<u>56</u>	<u>1,463,890</u>
EXPENDITURES						
Instruction	-	158,007	669,438	480,554	-	1,307,999
Supporting services						
Student support	-	-	-	195,263	-	195,263
Instructional staff	-	1,700	-	-	-	1,700
Food service operations	697,878	-	-	-	-	697,878
Community services	-	-	-	3,158	-	3,158
Total expenditures	<u>697,878</u>	<u>159,707</u>	<u>669,438</u>	<u>678,975</u>	<u>-</u>	<u>2,205,998</u>
Excess (deficiency) of revenues over expenditures	<u>(51,426)</u>	<u>-</u>	<u>(573,582)</u>	<u>(117,156)</u>	<u>56</u>	<u>(742,108)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	50,000	-	550,000	-	-	600,000
Net change in fund balances	(1,426)	-	(23,582)	(117,156)	56	(142,108)
Fund balances - beginning	100,742	-	113,549	679,966	49,736	943,993
Fund balances - ending	<u>\$ 99,316</u>	<u>\$ -</u>	<u>\$ 89,967</u>	<u>\$ 562,810</u>	<u>\$ 49,792</u>	<u>\$ 801,885</u>

See the accompanying independent auditors' report.

EL PASO COUNTY SCHOOL DISTRICT NO. 14
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOOD SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2024

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
REVENUES			
Local sources	\$ 30,000	\$ 29,076	\$ (924)
State sources	155,000	264,609	109,609
Federal sources	207,500	352,767	145,267
Total revenues	<u>392,500</u>	<u>646,452</u>	<u>253,952</u>
EXPENDITURES			
Salaries	306,854	274,430	32,424
Employee benefits	90,801	86,371	4,430
Purchased services	12,500	12,180	320
Supplies	227,500	323,307	(95,807)
Equipment	10,000	1,590	8,410
Contingency reserves	32,692	-	32,692
Total expenditures	<u>680,347</u>	<u>697,878</u>	<u>(17,531)</u>
Excess (deficiency) of revenues over expenditures	(287,847)	(51,426)	236,421
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>250,000</u>	<u>50,000</u>	<u>(200,000)</u>
Net change in fund balances	(37,847)	(1,426)	36,421
Fund balances - beginning	<u>37,847</u>	<u>100,742</u>	<u>62,895</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ 99,316</u>	<u>\$ 99,316</u>

See the accompanying independent auditors' report.

EL PASO COUNTY SCHOOL DISTRICT NO. 14
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
DESIGNATED-PURPOSE GRANTS FUND
FOR THE YEAR ENDED JUNE 30, 2024

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
REVENUES			
Federal sources	\$ 168,456	\$ 159,707	\$ (8,749)
Total revenues	<u>168,456</u>	<u>159,707</u>	<u>(8,749)</u>
EXPENDITURES			
Instruction	168,456	158,007	10,449
Supporting services			
Instructional staff	-	1,700	(1,700)
Total expenditures	<u>168,456</u>	<u>159,707</u>	<u>8,749</u>
Net change in fund balances	-	-	-
Fund balances - beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See the accompanying independent auditors' report.

EL PASO COUNTY SCHOOL DISTRICT NO. 14
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
PUPIL ACTIVITY FUND
FOR THE YEAR ENDED JUNE 30, 2024

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
REVENUES			
Local sources	\$ 115,000	\$ 95,856	\$ (19,144)
Total revenues	<u>115,000</u>	<u>95,856</u>	<u>(19,144)</u>
EXPENDITURES			
Instruction	737,287	669,438	67,849
Contingency reserves	35,348	-	35,348
Total expenditures	<u>772,635</u>	<u>669,438</u>	<u>103,197</u>
Excess (deficiency) of revenues over expenditures	(657,635)	(573,582)	84,053
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>575,000</u>	<u>550,000</u>	<u>(25,000)</u>
Net change in fund balances	(82,635)	(23,582)	59,053
Fund balances - beginning	<u>82,635</u>	<u>113,549</u>	<u>30,914</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ 89,967</u>	<u>\$ 89,967</u>

See the accompanying independent auditors' report.

EL PASO COUNTY SCHOOL DISTRICT NO. 14
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
OTHER ACTIVITIES FUND
FOR THE YEAR ENDED JUNE 30, 2024

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
REVENUES			
Local sources	\$ 400,000	\$ 546,422	\$ 146,422
Federal sources	-	15,397	15,397
	<u>400,000</u>	<u>561,819</u>	<u>161,819</u>
EXPENDITURES			
Instruction	350,000	480,554	(130,554)
Supporting services			
Student support	150,000	195,263	(45,263)
Community services	-	3,158	(3,158)
Contingency reserves	568,256	-	568,256
	<u>1,068,256</u>	<u>678,975</u>	<u>389,281</u>
Net change in fund balances	(668,256)	(117,156)	551,100
Fund balances - beginning	<u>668,256</u>	<u>679,966</u>	<u>11,710</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ 562,810</u>	<u>\$ 562,810</u>

See the accompanying independent auditors' report.

EL PASO COUNTY SCHOOL DISTRICT NO. 14
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
DEBT SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2024

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
REVENUES			
Local property taxes	\$ -	\$ 56	\$ 56
Total revenues	<u>-</u>	<u>56</u>	<u>56</u>
EXPENDITURES			
Contingency reserves	<u>49,725</u>	<u>-</u>	<u>49,725</u>
Total expenditures	<u>49,725</u>	<u>-</u>	<u>49,725</u>
Net change in fund balance	(49,725)	56	49,781
Fund balances - beginning	<u>49,725</u>	<u>49,736</u>	<u>11</u>
Fund balances - ending	<u><u>\$ -</u></u>	<u><u>\$ 49,792</u></u>	<u><u>\$ 49,792</u></u>

See the accompanying independent auditors' report.

STATE COMPLIANCE



**INDEPENDENT AUDITORS' REPORT ON COLORADO SCHOOL
DISTRICT/BOCES AUDITOR'S INTEGRITY REPORT**

To the Board of Education
El Paso County School District No. 14

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the El Paso County School District No. 14, as of and for the year ended June 30, 2024 and the related notes to the financial statements, which collectively comprise the El Paso County School District No. 14's basic financial statements as listed in the table of contents. Our report thereon, dated December 27, 2024, expressed an unmodified opinion on those financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the El Paso County School District No. 14's basic financial statements. The accompanying *Colorado School District/BOCES, Auditor's Integrity Report* is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the *Colorado School District/BOCES, Auditor's Integrity Report* is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Colorado Springs, Colorado
December 27, 2024



Colorado Department of Education
Auditors Integrity Report
 District: 1030 - Manitou Springs 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	11,326,038	17,850,487	18,998,195	10,178,331
18 Risk Mgmt Sub-Fund of General Fund	69,102	425,000	418,186	75,915
19 Colorado Preschool Program Fund	0	0	0	0
Sub- Total	11,395,140	18,275,487	19,416,381	10,254,246
11 Charter School Fund	0	0	0	0
20,26-29 Special Revenue Fund	679,966	561,819	678,974	562,810
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	100,742	696,451	697,878	99,316
22 Govt Designated-Purpose Grants Fund	0	159,707	159,707	0
23 Pupil Activity Special Revenue Fund	113,549	645,856	669,437	89,967
25 Transportation Fund	0	0	0	0
31 Bond Redemption Fund	49,736	57	0	49,792
39 Certificate of Participation (COP) Debt Service Fund	0	0	0	0
41 Building Fund	0	0	0	0
42 Special Building Fund	0	0	0	0
43 Capital Reserve Capital Projects Fund	133,455	2,442,678	2,487,425	88,709
46 Supplemental Cap Const, Tech, Main Fund	0	0	0	0
Totals	12,472,589	22,782,055	24,109,803	11,144,841
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

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