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HOEHNE SCHOOL DISTRICT RE-3
TRINIDAD, COLORADO

FINANCIAL STATEMENTS
AND THE INDEPENDENT AUDITOR'S REPORT

JUNE 30, 2024

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INDEPENDENT AUDITOR'S REPORT

Board of Education
Hoehne School District RE-3
Trinidad, Colorado

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Hoehne School District RE-3 (the District) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the basic financial statements of the District, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 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 of Opinions

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

Responsibilities of Management for the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the 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.

Board of Education
Hoehne School District RE-3

Supplementary Information

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

DMC Auditing and Consulting, LLC

February 28, 2025
Bailey, Colorado

HOEHNE R-3 SCHOOL DISTRICT
Management Discussion and Analysis
For the Fiscal Year Ended June 30, 2024

Management of Hoehne R-3 School District offers readers of the basic financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ending June 30, 2024. The focus of the information is on the primary government (general) fund.

This is the 19th year of the GASB statement No. 34, *Basic Financial Statement and Management Discussion and Analysis and Local Governments*. GASB Statement No.68, *Accounting and Financial Reporting for Pensions*, will also be included in this narrative.

Financial Highlights

In governmental activities, the District's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by $5,329,185. Included in the liabilities is the net unfunded liability amount of $5,722,413 which is the Hoehne School District's share of the pension and OPEB liabilities in the state of Colorado.

The Food Service Special Revenue Fund shows an increase in fund balance of $16,361.

At the end of the fiscal year, the District's governmental funds reported combined ending fund balance of $5,971,565. This was an increase of $362,667 from the prior year.

The General Fund reported a fund balance of $5,367,528 at the close of the fiscal year 2024. This is an increase of $310,986 (FY 2023 $5,056,542).

The District has $120,156 on tax receivables. This trend of $200,000 per year of unpaid taxes has been ongoing for the past thirteen (13) years. Las Animas County is still holding some of the certificates for these properties. The assessed valuations for these properties have been lowered in the hopes that the properties will sell. Abatements have also increased in the County. The Preliminary Certification of Value received on August 23, 2024 shows an assessed valuation of $2,247,549 less than the previous year's. The District has collected approximately 90.67% of the levied taxes as of August 2023.

The District has seen a change in enrollment over the past year. October 2023 count was 290 FTE; the year closed at 297 students. The trend traditionally has been that the student enrollment decreases throughout the year. The October Count Day for 2024 is 270 FTE. This is a decrease of 27 students from the close of the previous school year.

Overview of the Financial Statements

Management's Discussion and Analysis is intended to serve as an introduction to the District's basic financial statements. The Hoehne R-3 School District's basic financial statements are comprised of three components: 1) district-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements.

District-Wide Financial Statements

The district-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when the cash is received or paid.

The district-wide statement reports the District's net position and how it has changed. Net position, the difference between the District's assets and liabilities, are one way to measure the District's financial health or position. The difference between assets and liabilities is reported as net position. Over time, changes in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. GASB No. 68 has affected the liability amount. The unfunded liability of $5,722,413 for pensions has increased the liabilities of the District.

The district-wide statement includes Governmental Activities and the Food Service Special Revenue Fund also known as "nonmajor funds".

Governmental activities:

The District's basic services are included here, such as instruction, transportation, maintenance and operation, and administration. Property taxes and state equalization finance most of these activities. This information is comprised of the following Hoehne R-3 School District funds: (1) general fund, (2) preschool fund, (3) capital reserve fund, (4) food service special revenue fund also known as "other governmental funds".

- *General Fund:* This fund has a balance of $5,305,815 as of June 30, 2024. This fund is used for all teaching and instructional programs, support services, student counseling, administration, business services, operation and maintenance, student transportation, central support, etc.
- *Preschool Fund:* Hoehne R-3 presently contracts with a local service provider for preschool. The ten (10) slots are available to the provider who is approved after a Right for Participation (RFP) is accepted by the Preschool Advisory Board. This fund has a balance of $61,713 as of June 30, 2024. The District will use four (4) slots for this year.
- *Building Fund:* This fund has a balance of $0 as of June 30, 2024, and has been closed.
- *Food Service Special Revenue Fund:* This fund is the Hot Lunch Program Fund and is also known as "other governmental funds". The District charges fees to help defray the costs of this service. The District is reimbursed through the School Breakfast Program and the National School Lunch Program. This fund has a balance of $16,361 as of June 30, 2024.

Fund Financial Statements

The Fund Financial Statements provide detailed information about the District's funds, focusing on its most significant funds or "major" funds, not the District as a whole. Fund Financial Statements are designed to demonstrate compliance with finance-related legal requirements. A fund is a grouping of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The Hoehne School District, like other governments, uses fund accounting to ensure and demonstrate compliance.

All the funds of the District can be divided into two categories: governmental funds which includes the food service special revenue fund, and fiduciary funds.

Governmental Funds:

Most of the District's basic services are reported in governmental funds, which generally focus on the determination of financial position and change in financial position, not on income determination. The focus is on (1) how cash and other financial assets can readily be converted to cash flow in and out and (2) the balances that are left at year end that are available for funding future basic services. The governmental fund statements provide a detailed short-term view of the District's operations and services it provides. The relationship (or differences) between the governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Notes to the Financial Statements

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

In addition to the financial statements and accompanying notes, this report contains other supplemental information concerning the District's non-major governmental funds. The combined statements of the non-major governmental funds are presented after the notes to the financial statements.

HOEHNE R-3 SCHOOL DISTRICT
Management Discussion and Analysis
For the Fiscal Year Ended June 30, 2024

Financial Analysis of the District as a Whole

The District's total net position on June 30, 2024, was $5,329,185. Of the District's' $13,504,769 in assets, $3,931,992 reflects investment in capital assets (i.e. land, buildings, and equipment). Throughout this Analysis, the previous year's activities is available for comparison.

	Governmental Activities	
	2024	2023
ASSETS		
Current and Other Assets	$ 6,729,615	$ 6,709,007
Capital Assets, Net	6,775,154	6,860,378
Total Assets	13,504,769	13,569,385
Deferred Outflows of Resources	1,541,515	1,076,720
LIABILITIES		
Current and Other Liabilities	847,009	1,091,818
Long-Term Liabilities	8,450,396	7,684,843
Total Liabilities	9,297,405	8,776,661
Deferred Inflows of Resources	419,694	807,430
NET POSITION		
Net Investment in Capital Assets	3,931,992	3,786,618
Restricted for:		
Emergencies	150,000	140,000
Preschool	63,399	1,698
Debt Service	448,076	257,431
Food Service	13,606	-
Unrestricted	722,112	876,267
Total Net Position	$ 5,329,185	$ 5,062,014

HOEHNE R-3 SCHOOL DISTRICT
Management Discussion and Analysis
For the Fiscal Year Ended June 30, 2024

	Governmental Activities	
	2024	2023
REVENUES		
Charges for Services	$ 83,654	$ 115,485
Operating Grants and Contributions	804,014	1,018,188
Capital Grants and Contributions	-	-
Property Taxes	1,402,718	1,617,809
Specific Ownership Taxes	256,064	276,668
State Equalization	2,659,382	2,472,867
Investment Income	17,429	10,704
Other	133,069	33,965
Total Revenues	5,356,330	5,545,686
EXPENSES		
Instruction	3,090,758	2,627,870
Supporting Services	1,609,234	1,837,511
Food Services	288,625	272,378
Interest on Long-Term Debt	100,542	108,565
Total Expenses	5,089,159	4,846,324
Change in Net Position	267,171	699,362
Net Position, Beginning	5,062,014	4,362,652
Net Position, Ending	$ 5,329,185	$ 5,062,014

The Food Service Fund had a decrease of revenue dollars in the amount of $16,361. The Food Service Fund, a Special Revenue Fund, has been a concern of the District. The 2024-2025 school year's goal is to improve the collection of the outstanding balances since an online payment option with a credit card option has been added to the Point of Sale. This Point of Sale has been added to the Student Data System which allows parents to see current balances while viewing students' grades. As of now the number of food vendors available to the District is limited. The School District is reimbursed through the School Breakfast Program and the National School Lunch Program. The percentages of students who receive free and reduced breakfast and lunch is 38% (Count Day 2024). The District belongs to a consortium which aids the District in pursuing Assistance Grants which would help in purchasing large ticket items such as equipment.

Governmental Activities

- The cost of all governmental activities this year was $5,089,159.
- The federal and state government subsidized certain programs with grants and contributions.
- Most of the District's costs however, were financed by District and State taxpayers. This portion of governmental activities was financed with $2,659,382 in state equalization from the School Finance Act and $1,658,782 in property tax and specific ownership taxes.

Financial Analysis of the District's Funds

As of October 01, 2024, there were 270 FTE students enrolled in the Hoehne School District R-3. The fluctuating number from the Count Day to close of school in May has been addressed on Page i, **Financial Highlights.** Steady or increasing pupil enrollment is the best way to ensure adequate funding in a school district's budget. However, as the enrollment increases, the expenses also increase. Frugal spending habits are continuing to be maintained.

General Fund Budgetary Highlights

- The District's Budget is prepared according to Colorado Law and is based on accounting for certain transactions on a basis of cash receipts and disbursements. The most significant budgeted fund is the General Fund.
- Revenues in the General Fund were $583,122 higher than the previous year. The state equalization share did decrease.
- As of June 30, 2024, the District's TABOR emergency restricted amount was $150,000.

Capital Assets

The District's investment in capital assets for its governmental activities, which includes the Food Service Special Revenue, as of June 30, 2024, amounts to $6,775,154. The previous year's capital assets are shown for comparison.

	Balance 6/30/2023	Additions	Deletions	Balance 6/30/2024
Governmental Activities				
Capital Assets, Not Being Depreciated:				
Land	$ 227,489	$ -	$ -	$ 227,489
Capital Assets, Being Depreciated:				
Buildings and Site Improvements	13,045,724	468,648	-	13,514,372
Equipment and Vehicles	1,896,389	-	-	1,896,389
Food Service	84,341	-	-	84,341
Total Capital Assets, Being Depreciated	15,026,454	468,648	-	15,495,102
Less Accumulated Depreciation:				
Buildings and Site Improvements	(6,632,508)	(497,891)	-	(7,130,399)
Equipment and Vehicles	(1,676,716)	(55,981)	-	(1,732,697)
Food Service	(84,341)	-	-	(84,341)
Total Accumulated Depreciation	(8,393,564)	(553,872)	-	(8,947,436)
Total Capital Assets, Being Depreciated, Net	6,632,890	(85,224)	-	6,547,665
Capital Assets, Governmental Activities, Net	$ 6,860,378	$ (85,224)	$ -	$ 6,775,154

Long-Term Debt

At year-end the District had $97,983 in accumulated sick leave. Compensated absences are not reported as a liability in the Fund.

	Balance 6/30/2023	Additions	Reductions	Balance 6/30/2024	Due in One Year
Governmental Activities					
GO Bond, Series 2020	$ 2,895,000	$ -	$ 130,000	$ 2,765,000	$ 135,000
Financed Purchase HVAC	178,760	-	100,598	78,162	78,162
Compensated Absences	75,501	22,482	-	97,983	-
Total Long-Term Debt	$ 3,149,261	$ 22,482	$ 230,598	$ 2,941,145	$ 213,162

Economic Factors Bearing on the District's Future

The budget for the 2023-2024 school year is based on past revenue collections and projected expenditures.

In the past three years the staff has been given an average of a 5.33% raise on the base salary. For the 2024-2025 school year, all employees will receive a 5% raise on the salary schedule. The monthly insurance contribution will be raised from $475 per month to $696 per month (the cost of a single employee health insurance plan). To recruit and retain quality teachers in the District, the District has joined a Consortium to promote Hoehne School District.

Increased Health insurance, utility and food costs, strict State and Federal Requirements for the Hot Lunch Program, as well as the increasing percentage the District contributes to PERA, add to the difficulty in keeping spending in line with anticipated revenues.

Contacting the District's Financial Management

This financial report is designed to provide our citizen's, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

Superintendent of Schools
Hoehne R-3 School District
P.O. Box 91
Hoehne, Colorado 81046

BASIC FINANCIAL STATEMENTS

HOEHNE SCHOOL DISTRICT RE-3
STATEMENT OF NET POSITION
June 30, 2024

		PRIMARY GOVERNMENT GOVERNMENTAL ACTIVITIES
ASSETS		
Cash and Investments	$	6,580,805
Taxes Receivable		140,640
Deferred Outflows of Resources		5,415
Inventory		2,755
Capital Assets, *Not Being Depreciated*		227,489
Capital Assets, *Net of Accumulated Depreciation*		6,547,665
TOTAL ASSETS		13,504,769
DEFERRED OUTFLOWS OF RESOURCES		
Pensions, *Net of Accumulated Amortization*		1,517,877
OPEB, *Net of Accumulated Amortization*		23,638
TOTAL DEFERRED OUTFLOWS OF RESOURCES		1,541,515
LIABILITIES		
Accounts Payable		14,502
Accrued Salaries and Benefits		334,689
Accrued Interest Payable		7,604
Unearned Revenues		277,052
Noncurrent Liabilities		
Due Within One Year		213,162
Due in More Than One Year		2,727,983
Net Pension Liability		5,587,497
Net OPEB Liability		134,916
TOTAL LIABILITIES		9,297,405
DEFERRED INFLOWS OF RESOURCES		
Pensions, *Net of Accumulated Amortization*		361,224
OPEB, *Net of Accumulated Amortization*		58,470
TOTAL DEFERRED INFLOWS OF RESOURCES		419,694
NET POSITION		
Net Investment in Capital Assets		3,931,992
Restricted for:		
Emergencies		150,000
Preschool		63,399
Debt Service		448,076
Food Service		13,606
Unrestricted		722,112
TOTAL NET POSITION	$	5,329,185

HOEHNE SCHOOL DISTRICT RE-3
STATEMENT OF ACTIVITIES
Year Ended June 30, 2024

Deferred Outflows of Resources FUNCTIONS / PROGRAMS	EXPENSES	PROGRAM REVENUES CHARGES FOR SERVICES	PROGRAM REVENUES OPERATING GRANTS AND CONTRIBUTIONS	NET (EXPENSE) REVENUE AND CHANGE IN NET POSITION PRIMARY GOVERNMENT GOVERNMENTAL ACTIVITIES
PRIMARY GOVERNMENT				
Governmental Activities				
Instruction	$ 3,090,758	$ -	$ 562,316	$ (2,528,442)
Supporting Services	1,609,234	83,607	63,009	(1,462,618)
Food Services	288,625	47	178,689	(109,889)
Interest on Long-Term Debt	100,542	-	-	(100,542)
TOTAL GOVERNMENTAL ACTIVITIES	$ 5,089,159	$ 83,654	$ 804,014	(4,201,491)
GENERAL REVENUES				
Local Property Taxes				1,402,718
Specific Ownership Taxes				256,064
State Equalization				2,659,382
Investment Income				17,429
Other				133,069
TOTAL GENERAL REVENUES				4,468,662
CHANGE IN NET POSITION				267,171
NET POSITION, Beginning				5,062,014
NET POSITION, Ending				$ 5,329,185

See Notes to the Financial Statements.

HOEHNE SCHOOL DISTRICT RE-3
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2024

	GENERAL	DEBT SERVICE	BUILDING
ASSETS			
Cash and Investments	$ 5,958,095	$ 453,599	$ -
Accounts Receivable	4,325	-	-
Taxes Receivable	120,156	20,484	-
Inventory	-	-	-
TOTAL ASSETS	$ 6,082,576	$ 474,083	$ -
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES			
Accounts Payable	$ 14,502	$ -	$ -
Accrued Salaries and Benefits	310,090	-	-
Unearned Revenue	277,052	-	-
TOTAL LIABILITIES	601,644	-	-
DEFERRED INFLOWS OF RESOURCES			
Property Taxes	113,404	18,403	-
FUND BALANCES			
Nonspendable Inventory	-	-	-
Restricted for:			
Emergencies	150,000	-	-
Preschool	63,399	-	-
Debt Service	-	455,680	-
Food Service	-	-	-
Assigned to Student Activities	-	-	-
Unassigned	5,154,129	-	-
TOTAL FUND BALANCES	5,367,528	455,680	-
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 6,082,576	$ 474,083	$ -

NONMAJOR GOVERNMENTAL FUNDS	TOTAL
$ 169,111	$ 6,580,805
1,090	5,415
-	140,640
2,755	2,755
$ 172,956	$ 6,729,615
$ -	$ 14,502
24,599	334,689
-	277,052
24,599	626,243
-	131,807
2,755	2,755
-	150,000
-	63,399
-	455,680
13,606	13,606
131,996	131,996
-	5,154,129
148,357	5,971,565
$ 172,956	$ 6,729,615

HOEHNE SCHOOL DISTRICT RE-3
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
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 Balances of Governmental Funds	$ 5,971,565
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds.	6,775,154
Long-term assets are not available to pay current year expenditures and, therefore, are deferred in governmental funds. This amount represents property taxes earned but not available as current financial resources.	131,807
Long-term liabilities and related items are not due and payable in the current year and, therefore, are not reported in governmental funds:	
Bonds Payable	(2,843,162)
Accrued Interest Payable	(7,604)
Compensated Absences	(97,983)
Net Pension Liability	(5,587,497)
Pension-Related Deferred Outflows of Resources	1,517,877
Pension-Related Deferred Inflows of Resources	(361,224)
Net OPEB Liability	(134,916)
OPEB-Related Deferred Outflows of Resources	23,638
OPEB-Related Deferred Inflows of Resources	(58,470)
Total Net Position of Governmental Activities	$ 5,329,185

HOEHNE SCHOOL DISTRICT RE-3
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2024

	GENERAL	DEBT SERVICE	BUILDING
REVENUES			
Local Sources	$ 1,745,465	$ 246,570	$ -
County Sources	7,788	-	-
State Sources	3,013,379	-	-
Federal Sources	271,328	-	-
TOTAL REVENUES	5,037,960	246,570	-
EXPENDITURES			
Current			
Instruction	2,540,023	-	-
Supporting Services	1,950,421	-	-
Food Services	-	-	-
Debt Service			
Principal	100,598	130,000	-
Interest and Fiscal Charges	5,386	95,512	-
TOTAL EXPENDITURES	4,596,428	225,512	-
EXCESS REVENUES OVER (UNDER) EXPENDITURES	441,532	21,058	-
OTHER FINANCING SOURCES (USES)			
Transfers In	-	177,191	-
Transfers Out	(130,546)	-	(177,191)
TOTAL OTHER FINANCING SOURCES (USES)	(130,546)	177,191	(177,191)
CHANGES IN FUND BALANCES	310,986	198,249	(177,191)
FUND BALANCES, Beginning	5,056,542	257,431	177,191
FUND BALANCES, Ending	$ 5,367,528	$ 455,680	$ -

See Notes to the Financial Statements.

NONMAJOR GOVERNMENTAL FUNDS	TOTAL
$ 83,654	$ 2,075,689
-	7,788
71,927	3,085,306
106,762	378,090
262,343	5,546,873
76,513	2,616,536
-	1,950,421
285,753	285,753
-	230,598
-	100,898
362,266	5,184,206
(99,923)	362,667
130,546	307,737
-	(307,737)
130,546	-
30,623	362,667
117,734	5,608,898
$ 148,357	$ 5,971,565

HOEHNE SCHOOL DISTRICT RE-3
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2024

AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF ACTIVITIES ARE DIFFERENT BECAUSE:		
Net Change in Fund Balances of Governmental Funds	$	362,667
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		(553,872)
Capital Outlay		468,648
Revenues that do not provide current financial resources are deferred in the governmental fund financial statements but are recognized in the government-wide financial statements. This amount represents the change in deferred property taxes.		(190,543)
The repayment of long-term debt principal is an expenditure in governmental funds, but the statement of activities.		230,598
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. This includes the changes in the following:		
Accrued Interest Payable		356
Compensated Absences		(22,482)
Net Pension Liability		(905,294)
Pension-Related Deferred Outflows of Resources		473,528
Pension-Related Deferred Inflows of Resources		370,766
Net OPEB Liability		24,562
OPEB-Related Deferred Outflows of Resources		(8,733)
OPEB-Related Deferred Inflows of Resources		16,970
Change in Net Position of Governmental Activities	$	267,171

NOTE 1: Summary of Significant Accounting Policies

The accounting policies of the Hoehne School District RE-3 (the District) conform to generally accepted accounting principles as applicable to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Following is a summary of the District's more significant policies.

Reporting Entity

The financial reporting entity consists of the District, organizations for which the District is financially accountable, and organizations that raise and hold economic resources for the direct benefit of the District. All funds, organizations, institutions, agencies, departments, and offices that are not legally separate are part of the District. Legally separate organizations for which the District is financially accountable are considered part of the reporting entity. Financial accountability exists if the District appoints a voting majority of the organization's governing board and is able to impose its will on the organization, or if the organization has the potential to provide benefits to, or impose financial burdens on, the District.

The financial statements of the District do not include any separately administered organizations.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these financial statements. Exceptions to this general rule are charges for interfund services that are reasonably equivalent to the services provided. *Governmental activities*, which are supported by taxes and intergovernmental revenues, are reported in a single column.

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

Separate financial statements are provided for the governmental funds and the fiduciary fund, even though the latter is excluded from the government-wide financial statements. Major individual governmental funds and other significant funds identified by management are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

In the fund financial statements, the District reports the following major governmental funds:

The *General Fund* is the District's primary operating fund. It accounts for all financial resources of the District, except those accounted for in another fund.

The *Debt Service Fund* is used to account for the accumulation of resources for, and the payment of, long term general obligation debt principal, interest, and related costs.

NOTE 1: Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collected within the current year or soon enough thereafter to pay liabilities of the current year. For this purpose, the District considers property tax revenues to be available if they are collected within 60 days of the end of the current year. The District considers all other revenues to be available if they are collected within 60 days of the end of the current year, except federal and state revenues.

Taxes, intergovernmental revenues, grants, and interest associated with the current year are considered to be susceptible to accrual and so have been recognized as revenues of the current year. All other revenues are considered to be measurable and available only when cash is received by the District.

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

When both restricted and unrestricted resources are available for a specific use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Fund Balances / Net Position

Cash and Investments – The District utilizes the pooled cash concept whereby cash balances of each of the District's funds are pooled and invested by the District. Investments are reported at fair value.

Receivables - All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Property taxes levied for the current year but not received at year end are reported as taxes receivable and are presented net of an allowance for uncollectible taxes.

Inventories - Food Service Fund inventories are recorded as an asset when individual items are purchased and as an expenditure when consumed. Inventories are stated at cost on a first-in, first-out (FIFO) basis, and consist of purchased and donated commodities. Purchased inventories are recorded at cost. Donated inventories, received at no cost under a program supported by the federal government, are valued at the cost furnished by the federal government.

NOTE 1: Summary of Significant Accounting Policies (Continued)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Fund Balances / Net Position (Continued)

Capital Assets - Capital assets, which include property and equipment, are reported in the government-wide financial statements. Capital assets are defined as assets with an initial, individual cost of $5,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the acquisition value on the date of donation. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized. Capital assets are depreciated using the straight-line method over the following estimated useful lives.

Buildings and Site Improvements	15 - 30 years
Equipment	5 - 10 years
Vehicles	7 years

Deferred Outflows of Resources - This separate financial statement element represents a consumption of net assets that applies to future periods and so will not be recognized as an outflow of resources until then.

Accrued Salaries and Benefits - Salaries and retirement benefits of certain contractually employed personnel are paid over a twelve-month period from September to August but are earned during a school year of approximately nine to ten months. The salaries and benefits earned, but unpaid, are reported as a liability in the financial statements.

Unearned Revenues – Unearned revenues include grants that have been collected but the corresponding expenditures have not been incurred and the eligibility criteria have not been met.

Deferred Inflows of Resources - This separate financial statement element represents a consumption of net assets that applies to future periods and so will not be recognized as an inflow of resources until then. Deferred inflows of resources in the governmental fund financial statements include property taxes earned but not available as current financial resources.

Long-Term Debt - In the government-wide financial statements, long-term debt, financed purchase agreements, and other long-term obligations are reported as liabilities. Debt premiums, discounts and accounting losses resulting from debt refundings are deferred and amortized over the life of the debt using the effective interest method. In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Debt issuance costs, whether or not withheld from the debt proceeds, are reported as current expenses or expenditures.

Compensated Absences – Paid staff accumulate 10 to 20 days of annual leave, depending on time of service. Employes may accrue up to 90 days of leave, which is paid out upon separation for reasons other than retirement in accordance with PERA policy at the rate of $20 per day. An employee eligible for retirement is paid out at the rate of one month's salary for each 30 days of accrued leave. These compensated absences are recognized as expenditures in the governmental funds when due. A long-term liability is reported in the government-wide financial statements for the accrued compensated absences when earned.

NOTE 1: Summary of Significant Accounting Policies (Continued)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Fund Balances / Net Position (Continued)

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

Postemployment Benefits Other Than Pensions (OPEB) - The District participates in the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the Public Employees' Retirement Association of Colorado (PERA). The net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, information about the fiduciary net position, and additions to and deductions from the HCTF's fiduciary net position have been determined using the economic resources measurement focus and the accrual basis of accounting, the same basis of accounting used by the HCTF. For this purpose, the HCTF recognizes benefit payments when due and payable in accordance with the benefit terms. Employer contributions are recognized when the compensation is payable to the employees. Investments are reported at fair value.

Net Position/Fund Balances - In the government-wide and fund financial statements, net position and fund balances are restricted when constraints placed on the use of resources are externally imposed. In the fund financial statements, governmental funds report committed fund balances when the Board of Education formally commits resources for a specific purpose through passage of a resolution. The Board of Education has delegated to the Superintendent and his designee the authority to assign fund balances to be used for specific purposes.

In circumstances where an expenditure is incurred for a purpose for which amounts are available in multiple fund balance classifications, District policy requires restricted fund balance to be used first, followed by committed, assigned, and unassigned balances.

Property Taxes

Property taxes attach as an enforceable lien on property on January 1, are levied the following December, and are collected in the subsequent calendar year. Taxes are payable in full on April 30, or in two installments on February 28 and June 15. The County Treasurer's Office collects property taxes and remits to the District on a monthly basis. When taxes become delinquent, the property is sold on the tax sale date.

NOTE 2: Cash and Investments

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

Deposits	$ 6,127,205
Investments	453,599
Total	$ 6,580,804

NOTE 2: Cash and Investments (Continued)

Deposits

The Colorado Public Deposit Protection Act (PDPA) requires local government entities to deposit cash in eligible public depositories. Eligibility is determined by State regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. The PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution or held in trust for all uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. At June 30, 2024, the District had bank deposits of $5,661,862 collateralized with securities held by the financial institution's agent but not in the District's name.

NOTE 3: Capital Assets

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

	Balance 6/30/2023	Additions	Deletions	Balance 6/30/2024
Governmental Activities				
Capital Assets, Not Being Depreciated:				
Land	$ 227,489	$ -	$ -	$ 227,489
Capital Assets, Being Depreciated:				
Buildings and Site Improvements	13,045,724	468,648	-	13,514,372
Equipment and Vehicles	1,896,389	-	-	1,896,389
Food Service	84,341	-	-	84,341
Total Capital Assets, Being Depreciated	15,026,454	468,648	-	15,495,102
Less Accumulated Depreciation:				
Buildings and Site Improvements	(6,632,508)	(497,891)	-	(7,130,399)
Equipment and Vehicles	(1,676,716)	(55,981)	-	(1,732,697)
Food Service	(84,341)	-	-	(84,341)
Total Accumulated Depreciation	(8,393,564)	(553,872)	-	(8,947,436)
Total Capital Assets, Being Depreciated, Net	6,632,890	(85,224)	-	6,547,665
Capital Assets, Governmental Activities, Net	$ 6,860,378	$ (85,224)	$ -	$ 6,775,154

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

Instruction	$ 443,098
Supporting Services	110,774
Total	$ 553,872

NOTE 4: Interfund Transfers

At June 30, 2024, the General Fund transferred $130,546 to the Food Service Fund to subsidize the food service operations. In addition, the Building Fund transferred $177,191 to the Debt Service Fund for future debt payments. The Building Fund was subsequently closed.

NOTE 5: Long-Term Debt

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

	Balance 6/30/2023	Additions	Reductions	Balance 6/30/2024	Due in One Year
Governmental Activities					
GO Bond, Series 2020	$ 2,895,000	$ -	$ 130,000	$ 2,765,000	$ 135,000
Financed Purchase HVAC	178,760	-	100,598	78,162	78,162
Compensated Absences	75,501	22,482	-	97,983	-
Total Long-Term Debt	$ 3,149,261	$ 22,482	$ 230,598	$ 2,941,145	$ 213,162

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

On January 26, 2017, the District issued General Obligation Bonds, Series 2020, in the amount of $3,200,000 to finance capital assets to supplement the financial assistance from the State of Colorado's Building Excellent Schools Today Act (BEST) in the amount of $1,776,000 for improvements of District-owned buildings. Principal payments are due annually on December 1st, through 2039. Interest payments are due semi-annually on June 1st and December 1st, with interest accruing at rate at 3.3% per annum. The full faith and credit of the District is pledged for the payment of the principal and interest on these bonds with ad valorem taxes on all of the taxable property in the District. Bond payments to maturity are as follows:

Year Ended June 30,	Principal	Interest	Total
2025	$ 135,000	$ 89,018	$ 224,018
2026	140,000	84,480	224,480
2027	145,000	79,778	224,778
2028	150,000	74,910	224,910
2029	150,000	69,960	219,960
2030	155,000	64,928	219,928
2031-2035	870,000	242,055	1,112,055
2036-2040	1,020,000	86,625	1,106,625
Total	$ 2,765,000	$ 791,754	$ 3,556,754

On June 30, 2020, the District entered into a 60-month financed purchase agreement to purchase a new HVAC system with an acquisition cost of $478,682. Payments are due monthly in the amount of $8,831.99, through March 15, 2025. Interest accrues at a fixed rate of 4.05% per annum.

Financed purchase payments to maturity are as follows.

Year Ended June 30,	Principal	Interest	Total
2025	$ 78,162	$ 1,325	$ 79,487

NOTE 6: Risk Management

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

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

NOTE 7: Defined Benefit Pension Plan

General Information

Plan Description - The District contributes to the School Division Trust Fund (SDTF), a cost-sharing multiple-employer defined benefit pension plan administered by the Public Employees' Retirement Association of Colorado (PERA). All employees of the District participate in the SDTF. Title 24, Article 51 of the Colorado Revised Statutes (CRS), administrative rules set at 8 C.C.R. 1502-1, and applicable provisions of the federal Internal Revenue Code assign the authority to establish and amend plan provisions to the State Legislature. PERA issues a publicly available annual comprehensive financial report, that includes information on the SDTF, which may be obtained at www.copera.org/investments/pera-financial-reports.

Benefits Provided as of December 31, 2023 - The SDTF provides retirement, disability, and survivor benefits to plan participants or their beneficiaries. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure in place, the benefit option selected at retirement, and age at retirement. The retirement benefit is the greater of the a) highest average salary over five years multiplied by 2.5% and then multiplied by years of service credit, or b) the value of the participant's contribution account plus an equal match on the retirement date, annualized into a monthly amount based on life expectancy and other actuarial factors. In no case can the benefit amount exceed the highest average salary, or the amount allowed by applicable federal regulations.

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 CRS Subject to the automatic adjustment provision (AAP) under CRS § 24-51-413, eligible benefit recipients under the PERA benefit structure who began membership before January 1, 2007, will receive the maximum annual increase (AI) or AI cap of 1% 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% 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). The AAP may raise or lower the aforementioned AI cap by up to 0.25% based on the parameters specified in CRS § 24-51-413.

Disability benefits are available for eligible employees once they reach five years of earned service credit and meet the definition of a disability. The disability benefit amount is based on the retirement benefit formula described previously, considering a minimum of 20 years of service credit.

NOTE 7: Defined Benefit Pension Plan (Continued)

General Information (Continued)

Survivor benefits are determined by several factors, which include the amount of earned service credit, highest average salary of the deceased, the benefit structure in place, and the qualified survivor receiving the benefits.

Contributions provisions as of June 30, 2024 - The District, State, and eligible employees are required to contribute to the SDTF at rates established by Title 24, Article 51, Part 4 of the CRS. These contribution requirements are established and may be amended by the State Legislature. The contribution rate for employees was 11% for the period from July 1, 2023, through June 30, 2024. The District's contribution rate for the fiscal year was 21.40% of covered salaries. However, a portion of the District's contribution (1.02% of covered salaries) is allocated to the Health Care Trust Fund (Note 8). The District's contributions to the SDTF for the year ended June 30, 2024, were $437,851, equal to the required contributions.

For the purposes of GASB 68 paragraph 15, a circumstance exists in which a nonemployer contributing entity is legally responsible for making contributions to the SDTF and is considered to meet the definition of a special funding situation. As specified in CRS § 24-51-414, the State of Colorado is required to contribute a $225 million direct distribution each year to PERA starting on July 1, 2018. A portion of the direct distribution payment is allocated to the SDTF based on the proportionate amount of annual payroll of the SDTF to the total annual payroll of the SDTF. Direct distribution from the State was suspended in 2020. To compensate PERA for the suspension, CRS § 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 CRS § 24-51-414(9) provides 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 was measured at December 31, 2023, and the total pension liability 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 total pension liability to December 31, 2023.

The District's proportion of the net pension liability was based on the District's contributions to the SDTF for the calendar year ended December 31, 2023, relative to the total contributions of participating employers and the State as a nonemployer contributing entity.

At December 31, 2023, the District's proportion was 0.315973752%, which was an increase of 0.0058843566% from its proportion measured at December 31, 2023.

At June 30, 2024, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

NOTE 7: Defined Benefit Pension Plan (Continued)

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

District's proportionate share of the net pension liability	$ 5,587,497
State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the District	122,517
Total	$ 5,710,014

For the year ended June 30, 2024, the District recognized pension expense of $498,567 and a revenue of ($11,468) for support from the State as a nonemployer contributing entity. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 264,955	$ -
Net difference between projected and actual earnings on plan investments	400,540	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	628,642	361,224
Contributions subsequent to the measurement date	223,740	-
Total	$ 1,517,877	$ 361,224

District contributions subsequent to the measurement date of $223,740 will be recognized as a reduction of the net pension liability in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30,	
2025	$ 112,744
2026	468,718
2027	463,132
2028	(111,681)
Total	$ 932,913

Actuarial Assumptions - The actuarial valuation as of December 31, 2022, determined the total pension liability using the following actuarial assumptions and other inputs.

NOTE 7: Defined Benefit Pension Plan (Continued)

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

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

Post-retirement benefit increases are provided by the annual increase reserve, accounted for separately in SDTF, and subject to resources being available. Therefore, liabilities related to increases for members of these benefit tiers can never exceed available assets.

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: 1) 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 and 2) 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: 1) males: 97% of the rates for all ages, with generational projection using scale MP-2019 and 2) 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 results of the 2020 experience analysis for the period January 1, 2016, through December 31, 2019, and were reviewed and adopted by the PERA Board at their November 20, 2020, meeting.

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

NOTE 7: Defined Benefit Pension Plan (Continued)

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

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

Discount Rate - The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate applied to 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 Senate Bill (SB) 18-200, required adjustments resulting from the 2018 and 2020 AAP assessments. Employee contributions for future plan participants were used to reduce the estimated amount of total service costs for future plan members.

NOTE 7: Defined Benefit Pension Plan (Continued)

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

- District contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the scheduled increase in SB 18-200, required adjustments resulting from the 2018 and 2020 AAP assessments. District 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 District contributions reflect reductions for the funding of the annual increase reserve and retiree health care benefits. For future plan members, District 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 PERA Division Trust Funds, including SDTF, based upon the covered payroll. The annual direct distribution ceases when all PERA Division Trust Funds are fully funded.
- District contributions and the amount of total service costs for future plan participants were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The annual increase reserve balance was excluded from the initial fund net position, as, per statute, annual increase reserve amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. Annual increase reserve transfers to the fiduciary net position and the subsequent annual increase reserve 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 fiduciary net position 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 SDTF's fiduciary net position was projected to be available to make all projected future benefit payments of current participants. Therefore, the long-term expected rate of return of 7.25% on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25%. There was no change in the discount rate from the prior measurement date.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.25%, as well as the District's proportionate share of the net pension liability if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, as follows:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	$ 7,471,413	$ 5,587,497	$ 4,016,539

NOTE 7: Defined Benefit Pension Plan (Continued)

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

Pension Plan Fiduciary Net Position - Detailed information about the SDTF's fiduciary net position is available in PERA's separately issued annual comprehensive financial report, which may be obtained at www.copera.org/investments/pera-financial-reports.

NOTE 8: Postemployment Healthcare Benefits

General Information

Plan Description - All employees of the District are eligible to receive postemployment benefits other than pensions (OPEB) through the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the Public Employees' Retirement Association of Colorado (PERA). Title 24, Article 51, Part 12 of the Colorado Revised Statutes (CRS), 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 carryout the purposes of the PERACare program, including administration of the premium subsidies. CRS provisions may be amended by the Colorado General Assembly. PERA issues a publicly available financial report, that includes information on the HCTF, which may be obtained at www.copera.org/investments/pera-financial-reports.

Benefits Provided - The HCTF provides a healthcare premium subsidy to eligible participating 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). Eligibility to enroll is voluntary and includes benefit recipients, their eligible dependents, and surviving spouses, among others. Eligible benefit recipients may enroll in the HCTF upon retirement, upon the occurrence of certain life events, or on an annual basis during an open enrollment period. The health care premium subsidy is based on the benefit structure under which the member retires and the member's years of service credit.

CRS § 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 are eligible for a premium subsidy, if enrolled in a health care plan under PERACare. The basis for the amount of the premium subsidy funded by each trust fund is the percentage of the member contributions account balance from each division as it relates to the total member contribution account balance from which the retirement benefit is paid.

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, and $115 per month for benefit recipients who are over 65 years of age or who are under 65 years of age and entitled to Medicare. The maximum subsidy is based on 20 or more years of service. The subsidy is reduced by 5% for each year of service less than 20 years. The benefit recipient pays the remaining portion of the premium not covered by the subsidy.

NOTE 8: Postemployment Healthcare Benefits (Continued)

General Information (Continued)

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, CRS § 24-51-12-6(4) provides an additional subsidy. According to the State 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 on behalf of recipients not covered by Medicare Part A.

Contributions - As established by Title 24, Article 51, Section 208(1)(f) of the CRS, as amended, 1.02% of the District's contributions to the School Division Trust Fund (SDTF) (Note 7) are apportioned to the HCTF. No employee contributions are required. These contribution requirements are established and may be amended by the State Legislature. The District's apportionment to the HCTF for the year ended June 30, 2024, was $21,914, equal to the required amount.

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

At June 30, 2024, the District reported a net OPEB liability of $134,916, representing its proportionate share of the net OPEB liability of the HCTF. The net OPEB liability was measured at December 31, 2023, and the total OPEB liability 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 total OPEB liability to December 31, 2023.

The District's proportion of the net OPEB liability was based on the District's contributions to the HCTF for the calendar year ended December 31, 2023, relative to the contributions of all participating employers.

At December 31, 2023, the District's proportion was 0.0189030006%, which was a decrease of 0.0006293773% from its proportion measured at December 31, 2022.

For the year ended June 30, 2024, the District recognized OPEB expense of ($226). At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 27,652
Changes of assumptions and other inputs	1,586	14,307
Net difference between projected and actual earnings on plan investments	4,174	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	6,680	16,511
Contributions subsequent to the measurement date	11,198	-
Total	$ 23,638	$ 58,470

NOTE 8: Postemployment Healthcare Benefits (Continued)

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

District contributions subsequent to the measurement date of $11,198 will be recognized as a reduction of the net OPEB liability in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

Year Ended June 30,	
2025	$ (18,682)
2026	(11,613)
2027	(3,710)
2028	(8,064)
2029	(3,055)
2030	(906)
Total	$ (46,030)

Actuarial Assumptions - The actuarial valuation as of December 31, 2022, determined the total OPEB liability using the following actuarial cost method, actuarial assumptions, and other inputs, applied to all periods included in the measurement.

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%
Heath care cost trend rates:	
Service-based premium subsidy	0.0%
PERACare Medicare plans	
7% in 2023, gradually decreasing to 4.5% in 2033	
Medicare Part A premiums:	
3.5% in 2023, gradually increasing to 4.5% in 2035	

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

NOTE 8: Postemployment Healthcare Benefits (Continued)

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

Annually, the per capita health care costs are developed by plan option. At December 31, 2023, the plan options include 2022 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 to 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%

In determining the additional liability for PERACare enrollees who are age 65 or older and who are not eligible for premium-free Medicare Part A in the December 31, 2023, valuation, the following monthly costs/premium are assumed for 2023 for the PERA Benefit Structure:

Sample Age	MAPD PPO #1 with Medicare Part A for Retiree / Spouse		MAPD PPO #2 with Medicare Part A for Retiree / Spouse		MAPD HMO (Kaiser) with Medicare Part A for 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 for Retiree / Spouse		MAPD PPO #2 without Medicare Part A for Retiree / Spouse		MAPD HMO (Kaiser) without Medicare Part A for 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 2022 Medicare Part A premium is $506 per month. All costs are subject to the health care cost trend rates.

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.

NOTE 8: Postemployment Healthcare Benefits (Continued)

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

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

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

Measurement 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, reflect generational mortality and were applied, as applicable, in the determination of the total OPEB liability for the HCTF, but developed using a headcount-weighted basis. SDTF participates in the HCTF (Note 7).

The pre-retirement mortality assumptions for the SDTF were based upon the PubT-2010 Employee Table with generational projection using scale MP-2019. Post-retirement non-disabled mortality assumptions for the SDTF were based upon the PubT-2010 Healthy Retiree Table, adjusted as follows: 1) 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 and 2) 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: 1) males: 97% of the rates for all ages, with generational projection using scale MP-2019 and 2) females: 105% of the rates for all ages, with generational projection using scale MP-2019. Disabled mortality assumptions for SDTF members were based upon the PubNS-2010 Disabled Retiree Table using 99% of the rates for all ages with generational projection using scale MP-2019.

NOTE 8: Postemployment Healthcare Benefits (Continued)

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

The health care costs assumptions were updated and used in the roll-forward calculation for the HCTF. Per capita health care costs as of the December 31, 2022, valuation date for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits were updated to reflect the 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 from actuary's claims data warehouse. The healthcare 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's actuary.

The actuarial assumptions used in the December 31, 2022, valuations were based on the results of the 2020 experience analysis, dated October 28, 2020, and November 4, 2020, for the period January 1, 2016, through December 31, 2019, and were reviewed and adopted by the PERA Board at their November 20, 2020, meeting.

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

Several factors are considered in evaluating the long-term rate of return assumption, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighing 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 8: Postemployment Healthcare Benefits (Continued)

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

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

Discount rate - The discount rate used to measure the total OPEB liability was 7.25%. The projection of cash flows used to determine the discount rate applied the actuarial cost method and assumptions. 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%.
- 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 fiduciary net position as of the current measurement date is used as a starting point for the GASB 74 projection test.
- As of December 31, 2023, measurement date, the fiduciary net position and related disclosure components for the HCTF reflect payments related to disaffiliation of Tri-County Health Department as a PERA-affiliated employer, effective December 31, 2022. As of December 31, 2023, 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 HCTF's fiduciary net position 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 total OPEB liability. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25%. There was no change in the discount rate from the prior measurement date.

NOTE 8: Postemployment Healthcare Benefits (Continued)

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

Sensitivity of the District's proportionate share of 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 (7.25%)	1% Increase in Trend Rates
Initial PERACare Medicare trend rate	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	$ 131,043	$ 134,916	$ 139,128

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	$ 159,352	$ 134,916	$ 114,010

OPEB Plan Fiduciary Net Position - Detailed information about the HCTF's fiduciary net position is available in PERA's separately issued annual comprehensive financial report, which may be obtained at www.copera.org/investments/pera-financial-reports.

NOTE 9: Commitments and Contingencies

Claims and Judgments

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

Tabor Amendment

In November 1992, Colorado voters passed Article X, Section 20 (the Amendment) to the State Constitution which limits state and local government taxing powers and imposes spending limits. The District is subject to the Amendment.

NOTE 9: Commitments and Contingencies (Continued)

Tabor Amendment (Continued)

In November 1996, voters within the District authorized the District to collect and to expend the full revenues received by the District from any source in the current fiscal year and in each fiscal year thereafter, notwithstanding the limits of the Amendment. The Amendment is subject to many interpretations, but the District believes it is in substantial compliance with the Amendment. The Amendment requires the District to establish a reserve for emergencies, representing 3% of qualifying expenditures. At June 30, 2024, the District's emergency reserve was reported as restricted fund balance in the General Fund, in the amount of $150,000.

Litigation

The District from time to time is involved in various legal matters. In the opinion of the District's counsel, there are no pending legal issues that would have a material adverse effect on the financial condition of the District.

NOTE 10: Joint Venture

The District, in conjunction with other surrounding districts, participates in the South Central Board of Cooperative Educational Services (BOCES). The BOCES is an organization that provides member districts educational services at a shared lower cost per district. The BOCES board is comprised of one member from each participating district. During the year ended June 30, 2024, the District contributed $23,826 to the BOCES. Separate financial statements for the BOCES are available at 2648 Santa Fe Drive, Pueblo, Colorado 81006, or online at https://sc-boces.org/en-US.

REQUIRED SUPPLEMENTARY INFORMATION

HOEHNE SCHOOL DISTRICT RE-3
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
Year Ended June 30, 2024

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE Positive (Negative)
REVENUES				
Local Sources				
Property Taxes	$ 806,500	$ 806,500	$ 1,352,746	$ 546,246
Specific Ownership Taxes	180,000	180,000	256,064	76,064
Investment Income	3,600	5,000	5,825	825
Miscellaneous	29,500	61,705	130,830	69,125
County Sources	-	-	7,788	7,788
State Grants	2,365,340	3,266,293	3,013,379	(252,914)
Federal Grants	136,000	135,340	271,328	135,988
TOTAL REVENUES	3,520,940	4,454,838	5,037,960	583,122
EXPENDITURES				
Current				
Instruction	3,253,700	4,561,066	2,540,023	2,021,043
Supporting Services				
Students	186,130	183,657	167,806	15,851
Instructional Staff	4,500	4,500	10,173	(5,673)
General Administration	674,100	727,277	654,446	72,831
School Administration	228,209	223,648	98,891	124,757
Business Services	157,968	160,654	206,273	(45,619)
Operations and Maintenance	625,205	695,048	500,085	194,963
Student Transportation	405,825	420,277	223,575	196,702
Central Support	64,873	66,149	89,172	(23,023)
Facilities Acquisition	1,500,000	1,500,000	-	1,500,000
Total Supporting Services	3,846,810	3,981,210	1,950,421	2,030,789
Debt Service				
Principal	-	-	100,598	(100,598)
Interest	-	-	5,386	3,603,870
Total Debt Service	-	-	105,984	3,503,272
TOTAL EXPENDITURES	7,100,510	8,542,276	4,596,428	4,051,832
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(3,579,570)	(4,087,438)	441,532	4,528,970
OTHER FINANCING SOURCES (USES)				
Transfers Out	(90,000)	(120,000)	(130,546)	(10,546)
CHANGE IN FUND BALANCE	(3,669,570)	(4,207,438)	310,986	4,518,424
FUND BALANCE, Beginning	4,501,868	5,032,240	5,056,542	24,302
FUND BALANCE, Ending	$ 832,298	$ 824,802	$ 5,367,528	$ 4,542,726

HOEHNE SCHOOL DISTRICT RE-3
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AND CONTRIBUTIONS
PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION OF COLORADO SCHOOL DIVISION TRUST FUND
June 30, 2024

MEASUREMENT YEAR	12/31/23	12/31/22	12/31/21	12/31/20
PROPORTIONATE SHARE OF THE NET PENSION LIABILITY				
District's Proportion of the Net Pension Liability	0.0315973752%	0.0257130186%	0.0310879324%	0.0334889616%
District's Proportionate Share of the Net Pension Liability	$ 5,587,497	4,682,203	$ 3,617,816	$ 5,062,856
State's Proportionate Share of the Net Pension Liability Associated with the District	122,517	1,364,441	414,736	-
Total Proportionate Share of the Net Pension Liability	5,710,014	6,046,644	4,032,552	5,062,856
District's Covered Payroll	$ 2,084,909	2,084,909	$ 1,878,677	$ 1,877,249
District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	268%	225%	193%	270%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	62%	62%	75%	67%
FISCAL YEAR	6/30/24	6/30/23	6/30/22	6/30/21
DISTRICT CONTRIBUTIONS				
Statutorily Required Contribution	$ 437,851	424,904	$ 373,481	$ 392,345
Contributions in Relation to the Statutorily Required Contribution	(437,851)	(424,904)	(373,481)	(392,345)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -
District's Covered Payroll	$ 2,148,433	2,084,909	$ 1,878,677	$ 1,877,249
Contributions as a Percentage of Covered Payroll	20.38%	20.38%	19.88%	20.90%

	12/31/19	12/31/18	12/31/17	12/31/16	12/31/15	12/31/14
	0.0313349278%	0.0310301775%	0.0353249264%	0.0369775979%	0.0369298092%	0.0382285037%
	$ 4,681,370	$ 5,494,530	$ 11,422,826	$ 11,065,162	$ 5,655,462	5,005,230
	593,771	751,302	-	-	-	-
	5,275,141	6,245,832	11,422,826	11,065,162	5,655,462	5,005,230
	$ 1,805,937	$ 1,821,297	$ 1,557,668	$ 1,656,554	$ 1,565,373	$ 1,570,621
	259%	302%	733%	668%	361%	319%
	65%	57%	44%	43%	59%	63%

	06/30/20	06/30/19	06/30/18	06/30/17	06/30/16	06/30/15
	$ 349,991	$ 348,414	$ 294,160	$ 304,494	$ 277,648	$ 265,337
	(349,991)	(348,414)	(294,160)	(304,494)	(277,648)	(265,337)
	$ -	$ -	$ -	$ -	$ -	$ -
	$ 1,805,937	$ 1,821,297	$ 1,557,668	$ 1,656,554	$ 1,565,373	$ 1,570,621
	19.38%	19.13%	18.88%	18.38%	17.74%	16.89%

HOEHNE SCHOOL DISTRICT RE-3
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY AND CONTRIBUTIONS
PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION OF COLORADO HEALTH CARE TRUST FUND
June 30, 2024

MEASUREMENT YEAR	12/31/23	12/31/22	12/31/21
PROPORTIONATE SHARE OF THE NET OPEB LIABILITY			
District's Proportion of the Net OPEB Liability	0.0189030006%	0.0195323779%	0.0202980582%
District's Proportionate Share of the Net OPEB Liability	$ 134,916	$ 159,478	$ 175,031
District's Covered Payroll	$ 2,084,909	$ 2,084,909	$ 1,878,677
District's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	6%	8%	9%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	46%	39%	33%

FISCAL YEAR	6/30/24	6/30/23	6/30/22
DISTRICT CONTRIBUTIONS	$ 21,914	$ 21,266	$ 19,163
Contributions in Relation to the Statutorily Required Contribution	(21,914)	(21,266)	(19,163)
Contribution Deficiency (Excess)	$ -	$ -	$ -
District's Covered Payroll	$ 2,148,433	$ 2,084,909	$ 1,878,677
Contributions as a Percentage of Covered Payroll	1.02%	1.02%	1.02%

This schedule is presented to show information for 10 years.
Information will be presented for the years it is available.

	12/31/20	12/31/19	12/31/18	12/31/17
	0.0193725468%	0.0204835042%	0.0201697799%	0.0200715000%
	$ 184,083	$ 230,234	$ 274,418	$ 260,849
	$ 1,877,249	$ 1,805,937	$ 1,821,297	$ 1,557,668
	10%	13%	15%	17%
	24%	17%	18%	17%
	6/30/21	6/30/20	6/30/19	6/30/18
	$ 19,148	$ 18,421	$ 18,577	$ 15,888
	(19,148)	(18,421)	(18,577)	(15,888)
	$ -	$ -	$ -	$ -
	$ 1,877,249	$ 1,805,937	$ 1,821,297	$ 1,557,668
	1.02%	1.02%	1.02%	1.02%

NOTE 1: Stewardship, Compliance, and Accountability

Budgetary Information

Budgets are adopted for all funds on a basis consistent with generally accepted accounting principles. The District adheres to the following procedures to establish the budgetary information reflected in the financial statements.

- Management submits to the Board of Education a proposed budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted by the District's Board of Education to obtain taxpayer comments.
- Prior to June 30, the budget is adopted by formal resolution.
- Expenditures may not legally exceed appropriations at the fund level. Authorization to transfer budget amounts between programs and/or departments within any fund and the reallocation of budget line items within any program and/or department rests with the Superintendent. Revisions that alter the total expenditures of any fund must be approved by the Board of Education.
- All budget appropriations lapse at fiscal year-end.

Budget Compliance

At June 30, 2024, the District's Food Service actual expenditures exceeded budgeted appropriations by $3,091. These may be violation of state statutes.

NOTE 2: Significant Changes in Plan Provisions Affecting Trends in Actuarial Information

STDF Plan - 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.

HCTF Plan - 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.

NOTE 3: Changes in Assumptions and Other Inputs

No changes made to the actuarial methods or assumptions.

COMBINING AND INDIVIDUAL FUND STATEMENTS AND BUDGETARY COMPARISON SCHEDULES

HOEHNE SCHOOL DISTRICT RE-3
COMBINING BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2024

	FOOD SERVICE	PUPIL ACTIVITY	TOTAL NONMAJOR
ASSETS			
Cash and Investments	$ 37,115	$ 131,996	$ 169,111
Accounts Receivable	1,090	-	1,090
Inventories	2,755	-	2,755
TOTAL ASSETS	$ 40,960	$ 131,996	$ 172,956
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accrued Salaries and Benefits	24,599	-	24,599
FUND BALANCES			
Nonspendable Inventory	2,755	-	2,755
Restricted for Food Service	13,606	-	13,606
Assigned to Student Activities	-	131,996	131,996
TOTAL FUND BALANCES	16,361	131,996	148,357
TOTAL LIABILITIES AND FUND BALANCES	$ 40,960	$ 131,996	$ 172,956

HOEHNE SCHOOL DISTRICT RE-3
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
Year Ended June 30, 2024

	FOOD SERVICE	PUPIL ACTIVITY	TOTAL NONMAJOR
REVENUES			
Local Sources	$ 47	$ 83,607	$ 83,654
State Sources	71,927	-	71,927
Federal Sources	106,762	-	106,762
TOTAL REVENUES	178,736	83,607	262,343
EXPENDITURES			
Current			
Supporting Services	-	76,513	76,513
Food Services	285,753	-	285,753
TOTAL EXPENDITURES	285,753	76,513	362,266
EXCESS REVENUES OVER (UNDER) EXPENDITURES	(107,017)	7,094	(99,923)
OTHER FINANCING SOURCES (USES)			
Transfers In	130,546	-	130,546
CHANGES IN FUND BALANCES	23,529	7,094	30,623
FUND BALANCES, Beginning	(7,168)	124,902	117,734
FUND BALANCES, Ending	$ 16,361	$ 131,996	$ 148,357

HOEHNE SCHOOL DISTRICT RE-3
BUDGETARY COMPARISON SCHEDULE
FOOD SERVICE FUND
Year Ended June 30, 2024

	BUDGET			VARIANCE
	ORIGINAL	FINAL	ACTUAL	Positive (Negative)
REVENUES				
Local Sources				
Fees	$ 15,000	$ 9,580	$ 47	$ (9,533)
State Grants	1,000	75,050	71,927	(3,123)
Federal Grants	149,000	94,200	106,762	12,562
TOTAL REVENUES	165,000	178,830	178,736	(94)
EXPENDITURES				
Current				
Salaries	123,577	123,991	125,723	(1,732)
Benefits	49,042	50,002	48,251	1,751
Purchased Services	500	500	1,207	(707)
Supplies and Materials	80,881	108,169	110,572	(2,403)
TOTAL EXPENDITURES	254,000	282,662	285,753	(3,091)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(89,000)	(103,832)	(107,017)	(3,185)
OTHER FINANCING SOURCES				
Transfers In	90,000	120,000	130,546	10,546
CHANGE IN FUND BALANCE	1,000	16,168	23,529	7,361
FUND BALANCE, Beginning	6,000	(7,168)	(7,168)	-
FUND BALANCE, Ending	$ 7,000	$ 9,000	$ 16,361	$ 7,361

HOEHNE SCHOOL DISTRICT RE-3
BUDGETARY COMPARISON SCHEDULE
PUPIL ACTIVITY FUND
Year Ended June 30, 2024

	BUDGET			VARIANCE
	ORIGINAL	FINAL	ACTUAL	Positive (Negative)
REVENUES				
Local Sources				
Contributions	$ 75,000	$ 75,000	$ 83,607	$ 8,607
EXPENDITURES				
Current				
Supporting Services	129,954	129,856	76,513	53,343
CHANGE IN FUND BALANCE	(54,954)	(54,856)	7,094	61,950
FUND BALANCE, Beginning	125,000	124,902	124,902	-
FUND BALANCE, Ending	$ 70,046	$ 70,046	$ 131,996	$ 61,950

HOEHNE SCHOOL DISTRICT RE-3
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
Year Ended June 30, 2024

	BUDGET			VARIANCE
	ORIGINAL	FINAL	ACTUAL	Positive (Negative)
REVENUES				
Local Sources				
Property Taxes	$ 85,000	$ 220,000	$ 234,966	$ 14,966
Investment Income	2,500	5,000	11,604	6,604
TOTAL REVENUES	87,500	225,000	246,570	21,570
EXPENDITURES				
Debt Service				
Principal	-	125,000	130,000	(5,000)
Interest	20,000	100,000	93,390	6,610
Fees and Charges	-	-	2,122	(2,122)
Miscellaneous	179,500	257,431	-	257,431
TOTAL EXPENDITURES	199,500	482,431	225,512	256,919
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(112,000)	(257,431)	21,058	278,489
OTHER FINANCING SOURCES				
Transfers In	-	-	177,191	177,191
CHANGE IN FUND BALANCE	(112,000)	(257,431)	198,249	455,680
FUND BALANCE, Beginning	112,000	257,431	257,431	-
FUND BALANCE, Ending	$ -	$ -	$ 455,680	$ 455,680

HOEHNE SCHOOL DISTRICT RE-3
BUDGETARY COMPARISON SCHEDULE
BUILDING FUND
Year Ended June 30, 2024

	BUDGET			VARIANCE Positive (Negative)
	ORIGINAL	FINAL	ACTUAL	
EXPENDITURES				
Capital Outlay	177,191	177,191	-	177,191
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(177,191)	(177,191)	-	177,191
OTHER FINANCING SOURCES (USES)				
Transfers Out	-	-	(177,191)	(177,191)
CHANGE IN FUND BALANCE	(177,191)	(177,191)	(177,191)	-
FUND BALANCE, Beginning	177,191	177,191	177,191	-
FUND BALANCE, Ending	$ -	$ -	$ -	$ -

COMPLIANCE SECTION

STATE COMPLIANCE

Colorado Department of Education
Auditors Integrity Report
District: 1600 - Hoehne Reorganized 3
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	5,054,844	4,810,201	4,559,231	5,305,815
18 Risk Mgmt Sub-Fund of General Fund	0	0	0	0
19 Colorado Preschool Program Fund	1,698	97,212	37,197	61,713
Sub- Total	**5,056,542**	**4,907,414**	**4,596,428**	**5,367,528**
11 Charter School Fund	0	0	0	0
20,26-29 Special Revenue Fund	0	0	0	0
06 Supplemental Cap Const, Tech, Main. Fund	0	0	0	0
07 Total Program Reserve Fund	0	0	0	0
21 Food Service Spec Revenue Fund	-7,168	309,280	285,751	16,361
22 Govt Designated-Purpose Grants Fund	0	0	0	0
23 Pupil Activity Special Revenue Fund	124,902	83,607	76,513	131,996
25 Transportation Fund	0	0	0	0
31 Bond Redemption Fund	257,432	423,760	225,512	455,680
39 Certificate of Participation (COP) Debt Service Fund	0	0	0	0
41 Building Fund	177,191	-177,191	0	0
42 Special Building Fund	0	0	0	0
43 Capital Reserve Capital Projects Fund	0	0	0	0
46 Supplemental Cap Const, Tech, Main Fund	0	0	0	0
Totals	**5,608,899**	**5,546,870**	**5,184,204**	**5,971,565**
Proprietary				
50 Other Enterprise Funds	0	0	0	0
64 (63) Risk-Related Activity Fund	0	0	0	0
60,65-69 Other Internal Service Funds	0	0	0	0
Totals	**0**	**0**	**0**	**0**
Fiduciary				
70 Other Trust and Agency Funds	0	0	0	0
72 Private Purpose Trust Fund	0	0	0	0
73 Agency Fund	0	0	0	0
74 Pupil Activity Agency Fund	0	0	0	0
79 GASB 34:Permanent Fund	0	0	0	0
85 Foundations	0	0	0	0
Totals	**0**	**0**	**0**	**0**

FINAL