
Estes Park School District R-3

**Financial Report
with Supplementary Information
June 30, 2024**

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Independent Auditor's Report

To the Board of Education
Estes Park School District R-3

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the accompanying 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 Estes Park School District R-3 as of June 30, 2024 and the respective changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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 School District's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the School 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 School 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 other required supplementary information, as identified 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, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Estes Park School District R-3's basic financial statements. The other supplementary information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

To the Board of Education
Estes Park School District R-3

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2024 on our consideration of Estes Park School District R-3's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Estes Park School District R-3's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Estes Park School District R-3's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Plante & Moran, PLLC". The signature is written in a cursive, flowing style.

December 2, 2024

This section of the annual financial report for Estes Park School District R-3 (the "School District") presents our discussion and analysis of the School District's financial performance during the year ended June 30, 2024. Please read it in conjunction with the School District's financial statements, which immediately follow this section.

Using This Annual Report

This annual report consists of a series of financial statements and notes to those financial statements. These statements are organized so the reader can understand Estes Park School District R-3 financially as a whole. The government-wide financial statements provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. The fund financial statements provide the next level of detail. For governmental activities, these statements tell how services were financed in the short term and what remains for future spending. The fund financial statements look at the School District's operations in more detail than the government-wide financial statements by providing information about the School District's most significant funds - the General Fund, the Bond Redemption Fund, and the Program Reserve Fund - with all other funds presented in one column as nonmajor funds. The remaining statement, the statement of fiduciary net position, presents financial information about activities for which the School District acts solely as an agent for the benefit of students and parents. This report is composed of the following elements:

Management's Discussion and Analysis (MD&A) (Required Supplementary Information)

Basic Financial Statements

Government-wide Financial Statements

Fund Financial Statements

Notes to Financial Statements

Required Supplementary Information

Budgetary Comparison Schedule - General Fund

Budgetary Comparison Schedule - Special Revenue Fund

Schedule of the School District's Proportionate Share of the Net Pension Liability

Schedule of Pension Contributions

Schedule of the School District's Proportionate Share of the Net OPEB Liability

Schedule of OPEB Contributions

Other Supplementary Information

Reporting the School District as a Whole - Government-wide Financial Statements

One of the most important questions asked about the School District is, "As a whole, what is the School District's financial condition as a result of the year's activities?" The statement of net position and the statement of activities, which appear first in the School District's financial statements, report information on the School District as a whole and its activities in a way that helps you answer this question. We prepare these statements to include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources using the accrual basis of accounting, which is similar to the accounting used by most private sector companies. All of the current year's revenue and expenses are taken into account, regardless of when cash is received or paid.

Estes Park School District R-3

Management's Discussion and Analysis (Continued)

These two statements report the School District's net position - the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources, as reported in the statement of net position - as one way to measure the School District's financial health or financial position. Over time, increases or decreases in the School District's net position, as reported in the statement of activities, are indicators of whether its financial health is improving or deteriorating. The relationship between revenue and expenses is the School District's operating results. However, the School District's goal is to provide services to our students, not to generate profits as commercial entities do. One must consider many other nonfinancial factors, such as the quality of the education provided and the safety of the schools, to assess the overall health of the School District.

The statement of net position and the statement of activities report the governmental activities for the School District, which encompass all of the School District's services, including instruction, support services, athletics, and food service. Property taxes, state sources, and federal grants finance most of these activities.

Reporting the School District's Fund Financial Statements

The School District's fund financial statements provide detailed information about the most significant funds, not the School District as a whole. Some funds are required to be established by state law and by bond covenants. However, the School District establishes many other funds to help it control and manage money for particular purposes (the Food Service Fund is an example) or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money (such as bond-funded construction funds used for voter-approved capital projects).

Governmental Funds

Governmental fund reporting focuses on showing how money flows into and out of funds and the balances left at year end that are available for spending. They are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the operations of the School District and the services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the School District's programs. We describe the relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds in a reconciliation.

Fiduciary Funds

The School District has certain fiduciary responsibility for its custodial funds. All of the School District's fiduciary activities are reported in the separate statement of fiduciary net position and statement changes in fiduciary net position. We exclude these activities from the School District's other financial statements because the School District cannot use these assets to finance its operations. The School District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

Estes Park School District R-3

Management's Discussion and Analysis (Continued)

Recall that the statement of net position provides the perspective of the School District as a whole. The following table provides a summary of the School District's net position as of June 30, 2024 and 2023:

	Governmental Activities	
	2024	2023
	(in millions)	
Assets		
Current and other assets	\$ 11.2	\$ 7.6
Capital assets	24.4	25.1
Total assets	35.6	32.7
Deferred Outflows of Resources	6.7	6.9
Liabilities		
Current liabilities	1.7	0.7
Noncurrent liabilities	12.5	14.1
Net pension liability	24.6	21.8
Net OPEB liability	0.6	0.7
Total liabilities	39.4	37.3
Deferred Inflows of Resources	1.8	5.3
Net Position (Deficit)		
Net investment in capital assets	12.8	12.1
Restricted:		
Program Reserve Fund	1.4	-
TABOR	0.6	0.5
Debt service	1.5	1.5
Unrestricted	(15.2)	(17.1)
Total net position (deficit)	\$ 1.1	\$ (3.0)

The above analysis focuses on net position. The change in net position of the School District's governmental activities is discussed below. The School District's net position was \$1.1 million at June 30, 2024. Net investment in capital assets totaling \$12.8 million compares the original cost, less depreciation of the School District's capital assets, to long-term debt used to finance the acquisition of those assets. Most of the debt will be repaid from property taxes collected as the debt service comes due. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the School District's ability to use that net position for day-to-day operations. The remaining amount of net position \$(15.2) million was unrestricted.

The \$(15.2) million in unrestricted net position of governmental activities represents the accumulated results of all past years' operations, net of the pension and OPEB liabilities.

Estes Park School District R-3

Management's Discussion and Analysis (Continued)

	Governmental Activities	
	2024	2023
	(in millions)	
Revenue		
Program revenue:		
Charges for services	\$ 0.4	\$ 0.2
Operating grants	2.9	3.1
General revenue:		
Taxes	19.0	15.4
State aid not restricted to specific purposes	-	0.3
Other	0.3	0.7
Total revenue	22.6	19.7
Expenses		
Instruction	9.7	10.0
Support services	7.8	8.2
Food services	0.6	0.6
Debt service	0.4	0.5
Total expenses	18.5	19.3
Change in Net Position	4.1	0.4
Net Position (Deficit) - Beginning of year	(3.0)	(3.4)
Net Position (Deficit) - End of year	\$ 1.1	\$ (3.0)

As reported in the statement of activities, the cost of all of our governmental activities this year was \$18.5 million. Certain activities were partially funded from those who benefited from the programs or by other governments and organizations that subsidized certain programs with grants and contributions or charges for services (\$2.9 million). We paid for the remaining public benefit portion of our governmental activities with \$19.0 million in taxes and other revenue (i.e., interest and general entitlements).

The School District experienced an increase in the net position of \$4.1 million.

As discussed above, the net cost shows the financial burden that was placed on the State and the School District's taxpayers by each of these functions. Since property taxes for operations constitute the vast majority of district operating revenue sources, the Board of Education and administration must annually evaluate the needs of the School District and balance those needs with available resources.

The School District's Funds

As we noted earlier, the School District uses funds to help it control and manage money for particular purposes. Looking at funds helps the reader consider whether the School District is being accountable for the resources taxpayers and others provide to it and may provide more insight into the School District's overall financial health.

As the School District completed this year, the governmental funds reported a combined fund balance of \$9.1 million, which is an increase of \$2.4 million from last year. The primary reasons for the increase are as follows:

In the General Fund, our principal operating fund, fund balance increased by \$0.7 million to \$4.9 million.

Fund balance of our special revenue funds increased from \$0.6 million last year to \$1.2 million this year primarily as a result of Program Reserve Fund.

The fund balance of our debt service fund increased by \$47,867 million to \$1.6 million, and our capital projects fund increased by \$0.5 million.

Estes Park School District R-3

Management's Discussion and Analysis (Continued)

General Fund Budgetary Highlights

The School District's budget is prepared according to Colorado law and is based on accounting for transactions under generally accepted accounting principles. The most significant budgeted fund is the General Fund. As part of the School District's midyear budget adjustments, the board approved maintaining a \$3,000,000 General Fund balance. The School District did go to voters in the November 2017 elections to ask for a mill levy override (MLO) to the maximum allowable under state law. This measure was passed by the voters of the School District. The passage of the MLO has helped the School District offset the loss of the state equalization and categorical funding in the current year.

There were significant revisions made to the 2023-2024 General Fund original budget. Budgeted revenue was increased by approximately \$1.0 million due to the addition of new state grants (one in Safety and Security for radios and one Co-op grant for the Boys & Girls Club).

Budgeted expenditures were also increased by approximately \$1.2 million during the year. The School District increased salaries and decreased purchased services as they were able to fill staff positions. Additional increases in expenditures were related to equipment, repairs, and renovations related to the stadium renovation. Budgeted General Fund transfers to support capital projects were increased by approximately \$460,000.

Capital Assets and Debt Administration

Capital Assets

As of June 30, 2024, the School District had \$24.4 million invested in a broad range of capital assets, including land, land improvements, vehicles, buildings, furniture, and equipment. This represents a net decrease (including additions, disposals, and depreciation) of approximately \$0.7 million, or 2.9 percent, from last year.

	2024	2023
Land	\$ 378,235	\$ 378,235
Construction in progress	127,969	20,590
Buildings and improvements	38,917,180	38,822,810
Furniture and equipment	1,681,778	1,681,778
Buses and other vehicles	1,522,092	1,582,404
Land improvements	653,397	653,397
Total capital assets	43,280,651	43,139,214
Less accumulated depreciation	18,871,141	17,995,757
Total capital assets - Net of accumulated depreciation	\$ 24,409,510	\$ 25,143,457

This year's additions of approximately \$0.3 million included a high school family bathroom, high school walk-in cooler condenser, a 2023 ford transit, a 2011 wheel chair bus, and the Bobcat Stadium Remodel. We present more detailed information about our capital assets in the notes to the financial statements.

Estes Park School District R-3

Management's Discussion and Analysis (Continued)

Debt

At the end of this year, the School District had \$11.7 million in bonds outstanding versus \$12.9 million in the previous year. Other obligations include compensated absences and installment purchase agreements. We present more detailed information about our long-term liabilities in the notes to the financial statements.

Economic Factors

The School District's General Fund revenue continues to be impacted at the state level through the budget stabilization factor, which reduces total program funding. In fiscal year 2024, the School District's budget stabilization factor was \$48,811, which resulted in per pupil amount of \$11,558. Also, as assessed property tax values increase, the School District will continue to face the possibility of sending back categorical funds that are received to get per pupil funding to the State's funding formula. The School District is experiencing declining enrollment, which will have an impact on future funding. Due to factors related to high cost of living, a lack of affordable housing, and insufficient opportunities for year-long employment, it is predicted that student enrollment will decrease in subsequent years.

Contacting the School District's Management

This financial report is intended to provide our taxpayers, parents, and investors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional information, we welcome you to contact the business office.

Estes Park School District R-3

Statement of Net Position

June 30, 2024

	Governmental Activities
Assets	
Cash and investments (Note 4)	\$ 6,333,977
Receivables:	
Property taxes receivable	930,299
Other receivables	80,475
Due from other governments	355,616
Inventory	25,422
Restricted assets (Note 6)	3,453,542
Capital assets:	
Assets not subject to depreciation (Note 9)	506,204
Assets subject to depreciation - Net (Note 9)	23,903,306
Total assets	35,588,841
Deferred Outflows of Resources	
Deferred charges on bond refunding (Note 11)	664,650
Deferred pension costs (Note 13)	5,989,064
Deferred OPEB costs (Note 14)	90,286
Total deferred outflows of resources	6,744,000
Liabilities	
Accounts payable	123,022
Accrued liabilities and other	1,370,291
Unearned revenue (Note 7)	202,166
Noncurrent liabilities:	
Due within one year (Note 11)	1,540,623
Due in more than one year (Note 11)	10,991,897
Net pension liability (Note 13)	24,608,819
Net OPEB liability (Note 14)	594,203
Total liabilities	39,431,021
Deferred Inflows of Resources	
Deferred pension cost reductions (Note 13)	1,525,329
Deferred OPEB cost reductions (Note 14)	273,493
Total deferred inflows of resources	1,798,822
Net Position	
Net investment in capital assets	12,763,268
Restricted:	
Program Reserve Fund	1,420,275
TABOR	596,000
Debt service	1,529,663
Unrestricted	(15,206,208)
Total net position	<u>\$ 1,102,998</u>

Estes Park School District R-3

Statement of Activities

Year Ended June 30, 2024

Functions/Programs	Program Revenue				Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government - Governmental activities:					
Instruction	\$ 9,666,353	\$ -	\$ 1,431,723	\$ -	\$ (8,234,630)
Support services	7,782,335	417,113	954,601	-	(6,410,621)
Food services	640,411	22,309	536,594	-	(81,508)
Interest	436,769	-	-	-	(436,769)
Total primary government	\$ 18,525,868	\$ 439,422	\$ 2,922,918	\$ -	(15,163,528)
General revenue (expense):					
Taxes:					
Property taxes, levied for general purposes					14,858,735
Property taxes, levied for debt service					1,676,430
Property taxes, levied for Program Reserve Fund					1,044,470
Specific ownership taxes					1,419,434
Interest and investment earnings					176,790
Loss on sale of capital assets					(12,990)
Other					132,491
Total general revenue (expense)					<u>19,295,360</u>
Change in Net Position					<u>4,131,832</u>
Net Position (Deficit) - Beginning of year					<u>(3,028,834)</u>
Net Position - End of year					<u>\$ 1,102,998</u>

Estes Park School District R-3

Governmental Funds Balance Sheet

June 30, 2024

	General Fund	Bond Redemption Fund	Program Reserve Fund	Nonmajor Funds	Total Governmental Funds
Assets					
Cash and investments (Note 4)	\$ 6,233,046	\$ -	\$ -	\$ 100,931	\$ 6,333,977
Receivables:					
Property taxes receivable	840,228	90,071	-	-	930,299
Other receivables	75,488	-	-	4,987	80,475
Due from other governments	22,792	-	-	332,824	355,616
Due from other funds (Note 8)	-	-	-	1,017,386	1,017,386
Inventory	-	-	-	25,422	25,422
Restricted assets (Note 6)	413,120	1,620,147	1,420,275	-	3,453,542
Total assets	\$ 7,584,674	\$ 1,710,218	\$ 1,420,275	\$ 1,481,550	\$ 12,196,717
Liabilities					
Accounts payable	\$ 106,264	\$ -	\$ -	\$ 15,758	\$ 122,022
Due to other funds (Note 8)	871,004	35,475	-	111,907	1,018,386
Accrued liabilities and other	1,162,781	74,399	-	101,180	1,338,360
Unearned revenue (Note 7)	157,860	-	-	44,306	202,166
Total liabilities	2,297,909	109,874	-	273,151	2,680,934
Deferred Inflows of Resources -					
Unavailable revenue	346,405	38,750	-	-	385,155
Total liabilities and deferred inflows of resources	2,644,314	148,624	-	273,151	3,066,089
Fund Balances					
Nonspendable - Inventory	-	-	-	25,422	25,422
Restricted:					
Debt service	-	1,561,594	-	-	1,561,594
Food service	-	-	-	200,903	200,903
TABOR	596,000	-	-	-	596,000
Program Reserve Fund	-	-	1,420,275	-	1,420,275
Committed:					
Capital projects	-	-	-	857,457	857,457
Grant-funded activities	-	-	-	21,976	21,976
Adult education programs	-	-	-	1,110	1,110
Pupil activities	-	-	-	101,531	101,531
Assigned - Insurance	134,633	-	-	-	134,633
Unassigned	4,209,727	-	-	-	4,209,727
Total fund balances	4,940,360	1,561,594	1,420,275	1,208,399	9,130,628
Total liabilities, deferred inflows of resources, and fund balances	\$ 7,584,674	\$ 1,710,218	\$ 1,420,275	\$ 1,481,550	\$ 12,196,717

Estes Park School District R-3

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

June 30, 2024

Fund Balances Reported in Governmental Funds	\$ 9,130,628
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and are not reported in the funds:	
Cost of capital assets	43,280,651
Accumulated depreciation	<u>(18,871,141)</u>
Net capital assets used in governmental activities	24,409,510
Receivables that are not collected soon after year end are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds	385,155
Deferred outflows related to bond refundings are not reported in the funds	664,650
Bonds payable and installment purchases are not due and payable in the current period and are not reported in the funds	(12,310,892)
Accrued interest is not due and payable in the current period and is not reported in the funds	(31,931)
Some employee fringe benefits are payable over a long period of years and do not represent a claim on current financial resources; therefore, they are not reported as fund liabilities:	
Employee compensated absences	(221,628)
Net pension liability and related deferred inflows and outflows	(20,145,084)
Retiree health care benefits	<u>(777,410)</u>
Net Position of Governmental Activities	<u>\$ 1,102,998</u>

Estes Park School District R-3

Governmental Funds

Statement of Revenue, Expenditures, and Changes in Fund Balances

Year Ended June 30, 2024

	General Fund	Bond Redemption Fund	Program Reserve Fund	Formerly Major - Designated Purpose Grants Fund	Nonmajor Funds	Total Governmental Funds
Revenue						
Local sources	\$ 15,945,844	\$ 1,723,161	\$ 1,420,275	\$ -	\$ 439,422	\$ 19,528,702
State sources	781,159	-	-	-	230,358	1,011,517
Federal sources	-	-	-	-	1,902,003	1,902,003
Total revenue	16,727,003	1,723,161	1,420,275	-	2,571,783	22,442,222
Expenditures						
Current:						
Instruction	8,134,863	-	-	-	1,524,134	9,658,997
Support services	6,901,486	-	-	-	636,936	7,538,422
Food services	-	-	-	-	630,362	630,362
Debt service:						
Principal (Note 11)	165,533	1,260,000	-	-	-	1,425,533
Interest	-	415,294	-	-	-	415,294
Capital outlay	82,557	-	-	-	264,230	346,787
Total expenditures	15,284,439	1,675,294	-	-	3,055,662	20,015,395
Excess of Revenue Over (Under) Expenditures	1,442,564	47,867	1,420,275	-	(483,879)	2,426,827
Other Financing Sources (Uses)						
Transfers in (Note 8)	-	-	-	-	750,000	750,000
Transfers out (Note 8)	(750,000)	-	-	-	-	(750,000)
Total other financing (uses) sources	(750,000)	-	-	-	750,000	-
Gain on Sale of Capital Assets	7,600	-	-	-	-	7,600
Net Change in Fund Balances	700,164	47,867	1,420,275	-	266,121	2,434,427
Fund Balances - Beginning of year, as previously reported	4,240,196	1,513,727	-	25,095	917,183	6,696,201
Change within Financial Reporting Entity (Note 2)	-	-	-	(25,095)	25,095	-
Fund Balances - Beginning of year, as adjusted or restated	4,240,196	1,513,727	-	-	942,278	6,696,201
Fund Balances - End of year	<u>\$ 4,940,360</u>	<u>\$ 1,561,594</u>	<u>\$ 1,420,275</u>	<u>\$ -</u>	<u>\$ 1,208,399</u>	<u>\$ 9,130,628</u>

Estes Park School District R-3

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

Year Ended June 30, 2024

Net Change in Fund Balances Reported in Governmental Funds	\$ 2,434,427
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures; however, in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:	
Capitalized capital outlay	291,527
Depreciation expense	(1,004,884)
Net book value of assets disposed of	<u>(20,590)</u>
Total	(733,947)
Revenue in the statement of activities that does not provide current financial resources is not reported as revenue in the funds until it is available	219,070
Repayment of bond principal and installment agreements is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt and installment liabilities); amortization of premium and outflows related to bond refundings are not expenses in the governmental funds	1,401,151
Interest expense is recognized in the government-wide statements as it accrues	2,907
Some employee costs (pension, OPEB, and compensated absences) do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds	<u>808,224</u>
Change in Net Position of Governmental Activities	<u><u>\$ 4,131,832</u></u>

Estes Park School District R-3

**Fiduciary Fund
Statement of Fiduciary Net Position**

	June 30, 2024
	<u>Custodial Fund</u>
Assets	
Investments	\$ 46,973
Due from other funds (Note 8)	<u>1,000</u>
Total assets	47,973
Liabilities	<u>-</u>
Net Position - Unrestricted	<u><u>\$ 47,973</u></u>

Estes Park School District R-3

Fiduciary Fund
Statement of Changes in Fiduciary Net Position

Year Ended June 30, 2024

	<u>Custodial Fund</u>
Additions - Net investment gains	\$ 711
Deductions - Fees	<u>269</u>
Net Increase in Fiduciary Net Position	442
Net Position - Beginning of year	<u>47,531</u>
Net Position - End of year	<u><u>\$ 47,973</u></u>

Note 1 - Nature of Business

Estes Park School District R-3 (the "School District") is a school district in the state of Colorado that provides educational services to students.

Note 2 - Significant Accounting Policies

Accounting and Reporting Principles

The School District follows accounting principles generally accepted in the United States of America (GAAP), as applicable to governmental units. Accounting and financial reporting pronouncements are promulgated by the Governmental Accounting Standards Board (GASB). The following is a summary of the significant accounting policies used by the School District:

Reporting Entity

The School District is governed by an elected five-member Board of Education. In accordance with government accounting principles, there are no separate legal entities appropriate to be reported within these financial statements.

Report Presentation

Governmental accounting principles require that financial reports include two different perspectives - the government-wide perspective and the fund-based perspective. The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units, as applicable. The government-wide financial statements are presented on the economic resources measurement focus and the full accrual basis of accounting. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. The statements also present a schedule reconciling these amounts to the modified accrual-based presentation found in the fund-based statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenue. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenue includes: (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Taxes, unrestricted intergovernmental receipts, and other items not properly included among program revenue are reported instead as general revenue.

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

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

Note 2 - Significant Accounting Policies (Continued)

Fund Accounting

The School District accounts for its various activities in several different funds in order to demonstrate accountability for how it spends certain resources; separate funds allow the School District to show the particular expenditures for which specific revenue is used. The various funds are aggregated into the following broad fund types:

Governmental Funds

Governmental funds include all activities that provide general governmental services that are not business-type activities. Governmental funds can include the General Fund, special revenue funds, debt service funds, capital project funds, and permanent funds. The School District reports the following funds as major governmental funds:

- The General Fund is the primary operating fund because it accounts for all financial resources used to provide government services other than those specifically assigned to another fund.
- The Bond Redemption Fund is a debt service fund used to account for the revenue from a specific tax levy for the purpose of the repayment of debt principal, interest, and other fiscal charges.
- The Program Reserve Fund is a special revenue fund used for the revenue from a tax levied pursuant to § 22-54-107(5), C.R.S. The district may expend money from the total program reserve fund only to offset the amount of a reduction in the district's state share caused by application of the budget stabilization factor in fiscal years when the district's total program mill plus specific ownership tax revenue is insufficient to cover the district's total program cost. Any money remaining in the fund at the end of a fiscal year must remain in the fund and may be used in future years only as provided for in this paragraph.

Additionally, the School District reports the following nonmajor governmental fund types:

- Special revenue funds are used to account for the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes. The School District's special revenue funds are the Food Service, Pupil Activity, Designated Purpose Grants, and Outreach funds. Revenue sources for the Food Service Fund include sales to customers and dedicated grants from federal sources. Revenue sources for the Pupil Activity Fund include fundraising revenue and donations earned and received by student groups. Revenue sources for the Outreach Fund include tuition payments from individuals related to the adult education program. Revenue sources are used to fund programs from federal, state, and local grants. The grants may or may not have a different fiscal period than that of the school district. Any operating deficit generated by these activities is the responsibility of the General Fund.
- The Capital Reserve Capital Projects Fund is used to account for and report financial resources that have been designated for acquiring new school sites, buildings, and equipment; technology upgrades; and remodeling and repairs. The fund operates until the purpose for which it was created is accomplished.

Fiduciary Funds

Fiduciary funds include amounts held in a fiduciary capacity for others. These amounts are not used to operate the School District's programs. The School District maintains a custodial fund to record the transactions of the scholarship funds.

Note 2 - Significant Accounting Policies (Continued)

Interfund Activity

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

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

Basis of Accounting

The governmental funds use the current financial resources measurement focus and the modified accrual basis of accounting. This basis of accounting is intended to better demonstrate accountability for how the School District has spent its resources.

Expenditures are reported when the goods are received or the services are rendered. Capital outlays are reported as expenditures (rather than as capital assets) because they reduce the ability to spend resources in the future; conversely, employee benefit costs that will be funded in the future (such as pension and retiree health care-related costs or sick and vacation pay) are not counted until they come due for payment. In addition, debt service expenditures, claims, and judgments are recorded only when payment is due.

Revenue is not recognized until it is collected or collected soon enough after the end of the year that it is available to pay for obligations outstanding at the end of the year. For this purpose, the School District considers property tax amounts collected within 60 days of year end and all other revenue collected within 180 days of year end to be available for recognition. Revenue not meeting this definition is classified as a deferred inflow of resources.

Fiduciary funds use the economic resources measurement focus and the full accrual basis of accounting. Revenue is recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Specific Balances and Transactions

Cash and Investments

Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value except for investments in external investment pools, which are valued at net asset value (NAV).

Inventories

Inventories are valued at cost on a first-in, first-out basis. Inventories accounted for using the purchase method are recorded as expenditures when purchased and include all inventories of governmental funds other than commodities within the Food Service Fund. Inventories accounted for using the consumption method are recorded as expenditures when consumed rather than when purchased and include commodities within the Food Service Fund.

Note 2 - Significant Accounting Policies (Continued)

Restricted Assets

The following amounts are reported as restricted assets:

- Unspent property taxes levied held in the debt service funds required to be set aside for future bond principal and interest payments
- Unspent amounts held in General Fund required to be set aside with the county treasurer
- Unspent property taxes levied held in the Program Reserve Fund required to be set aside pursuant to § 22-54-107(5), C.R.S.

Capital Assets

Capital assets, which include land, buildings, equipment, and vehicles, are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the School District as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

Capital assets are depreciated using the straight-line method over the following useful lives:

	Depreciable Life - Years
Buildings and improvements	5 to 50
Furniture and equipment	7 to 25
Buses and other vehicles	7 to 10
Land improvements	20

Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts are deferred and amortized over the life of the bond using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed at the time they are incurred. In the fund financial statements, governmental fund types recognize bond issuances and premiums as other financing sources and bond discounts as other financing uses. The General Fund and debt service fund are generally used to liquidate governmental long-term debt.

Deferred Outflows/Inflows of Resources

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

The School District reports deferred outflows related to deferred pension, OPEB, and bond refunding costs.

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

The School District reports deferred inflows related to unavailable revenue, deferred pension and OPEB cost reductions.

Note 2 - Significant Accounting Policies (Continued)

Net Position

Net position of the School District is classified in three components. Net investment in capital assets consists of capital assets net of accumulated depreciation and is reduced by the current balances of any outstanding borrowings used to finance the purchase or construction of those assets. The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Unrestricted net position is the remaining net position that does not meet the definition of invested in capital or restricted.

Net Position Flow Assumption

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

Fund Balance Flow Assumptions

The School District will sometimes fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the School District's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Furthermore, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The nonspendable fund balance component represents amounts that are not in spendable form or are legally or contractually required to be maintained intact. Restricted fund balance represents amounts that are legally restricted by outside parties, constitutional provisions, or enabling legislation for use for a specific purpose. The School District itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the School District's highest level of decision-making authority. The Board of Education is the highest level of decision-making authority for the School District that can, by passing a resolution prior to the end of the fiscal year, commit fund balance. Once passed, the limitation imposed by the resolution remains in place until a similar action is taken (the passing of another resolution) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The School District has, by resolution, authorized the Board of Education to assign fund balance. The Board of Education may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally exist only temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

June 30, 2024

Note 2 - Significant Accounting Policies (Continued)**Property Tax Revenue**

Property taxes attach an enforceable lien on property as of January 1. Taxes are levied in December, payable in the following year in full by April 30 or in two equal installments due on the last day of February and on June 15. The county treasurer bills and collects property taxes for all taxing entities within the county. Property tax receipts collected by the county treasurer each month are remitted to the School District by the 10th of the subsequent month. The School District considers all receivables to be fully collectible; accordingly, no allowance for uncollectible amounts is recorded.

Grants and Contributions

The School District receives federal, state, and local grants, as well as contributions from individuals and private organizations. Revenue from grants and contributions (including contributions of capital assets) is recognized when all eligibility requirements, including time requirements, are met. Grants and contributions may be restricted for either specific operating purposes or for capital purposes. Amounts that are unrestricted or that are restricted to a specific operating purpose are reported as nonoperating revenue. Amounts restricted to capital acquisitions are reported after nonoperating revenue and expenses.

Pension Benefits

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

Other Postemployment Benefits (OPEB)

The School District participates in the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit OPEB fund administered by PERA. The net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, information about the fiduciary net position, and additions to/deductions from the FNP of the HCTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefits paid on behalf of health care participants are recognized when due and/or payable in accordance with the benefit terms. Investments are reported at fair value.

Compensated Absences (Vacation and Sick Leave)

It is the School District's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. Sick pay is accrued for the estimated amount that the School District will pay upon employment termination; vacation pay is accrued when incurred. Both of these are reported in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only for employee terminations as of year end. Generally, the funds that report each employee's compensation are used to liquidate the obligations.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

Note 2 - Significant Accounting Policies (Continued)

Tax Abatements

The School District evaluated tax abatements under the provisions of GASB Statement No. 77 and considered the total property tax abatements to be insignificant.

Upcoming Accounting Pronouncements

In June 2022, the Governmental Accounting Standards Board issued Statement No. 101, *Compensated Absences*, which updates the recognition and measurement guidance for compensated absences under a unified model. This statement requires that liabilities for compensated absences be recognized for leave that has not been used and leave that has been used but not yet paid in cash or settled through noncash means and establishes guidance for measuring a liability for leave that has not been used. It also updates disclosure requirements for compensated absences. The provisions of this statement are effective for the School District's financial statements for the year ending June 30, 2025.

In December 2023, the Governmental Accounting Standards Board issued Statement No. 102, *Certain Risk Disclosures*, which requires governments to assess whether a concentration or constraint makes the government vulnerable to the risk of a substantial impact. It also requires governments to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. If certain criteria are met for a concentration or constraint, disclosures are required in the notes to the financial statements. The provisions of this statement are effective for the School District's financial statements for the year ending June 30, 2025.

In April 2024, the Governmental Accounting Standards Board issued Statement No. 103, *Financial Reporting Model Improvements*, which establishes new accounting and financial reporting requirements or modifies existing requirements related to the following: management's discussion and analysis; unusual or infrequent items; presentation of the proprietary fund statement of revenue, expenses, and changes in fund net position; information about major component units in basic financial statements; budgetary comparison information; and financial trends information in the statistical section. The provisions of this statement are effective for the School District's financial statements for the year ending June 30, 2026.

Accounting Changes and Error Corrections

Changes to or within the Financial Reporting Entity

Change in Major Funds

The Designated Purpose Grants Fund was previously reported as a major fund but is now reported as a nonmajor fund for fiscal year 2024. The effects of this change in major funds are shown in the table at the end of this section.

June 30, 2024

Note 2 - Significant Accounting Policies (Continued)

Adjustments to and Restatements of Beginning Balances

During fiscal year 2024, the changes noted above resulted in adjustments to and restatements of beginning net position and fund net position as follows:

	<u>June 30, 2023</u>	Change to or within the Financial	<u>June 30, 2023</u>
	As Previously Reported	Reporting Entity	As Restated
Governmental funds:			
Major funds:			
General Fund and Bond Redemption Fund	\$ 5,753,923	\$ -	\$ 5,753,923
Designated Purpose Grants Fund	25,095	(25,095)	-
Nonmajor funds	<u>917,183</u>	<u>25,095</u>	<u>942,278</u>
Total governmental funds	<u>\$ 6,696,201</u>	<u>\$ -</u>	<u>\$ 6,696,201</u>

Note 3 - Stewardship, Compliance, and Accountability

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles and state law for all funds. All annual appropriations lapse at fiscal year end. The budget document presents information by fund and function. The legal level of budgetary control adopted by the governing body (i.e., the level at which expenditures may not legally exceed appropriations) is the function level. State law requires the School District to have its budget in place by July 1. Expenditures in excess of amounts budgeted are a violation of state law. State law permits districts to amend their budgets during the year. During the year, the budget was amended in a legally permissible manner.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders or contracts) are not tracked during the year. Budget appropriations are considered to be spent once the goods are delivered or the services rendered. At June 30, 2024, the School District did not have any significant outstanding encumbrances.

Excess of Expenditures Over Appropriations in Budgeted Funds

The School District did not have significant expenditure budget variances.

Note 4 - Deposits and Investments

The School District's investment policy authorizes the School District to invest and deposit in U.S. Treasury bills, notes, and bonds; U.S. government agencies; certain international agency securities; commercial paper; local government investment pools; written repurchase agreements collateralized by certain authorized securities; money market funds; guaranteed investment contracts; and general obligation and revenue bonds of U.S. local government entities. The School District is also compliant with state laws that limit investments for school districts to U.S. Treasury issues, other federally backed notes and credits, and other agency offerings. Other investment instruments, including bank obligations, general obligation bonds, and commercial paper, are limited to ones of the highest rating categories of at least one nationally recognized rating agency. State law further limits investments in money market funds to those institutions with over \$1 billion in assets or the highest credit rating from one or more nationally recognized rating agencies. The School District's deposits and investments are in accordance with statutory authority.

Note 4 - Deposits and Investments (Continued)

The School District's cash and investments are subject to several types of risk, which are examined in more detail below:

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the School District's deposits may not be returned to it. However, there is no custodial credit risk for public deposits because they are collateralized under the Colorado Public Deposit Protection Act (PDPA). The PDPA requires that deposits of all units of local governments be held at eligible public depositories, whose eligibility is determined by state regulators.

Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. The PDPA allows the institution to create a single collateral pool for all public funds. The pool is to be maintained by another institution or held in trust for the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102 percent of the aggregate uninsured deposits.

Cash deposits of the School District totaled \$24,608,819 (FDIC insurance coverage is \$250,000 per qualified account) at June 30, 2024, which included \$594,203 of custodial funds. Federal insurance coverage totaled \$500,000. The balance of \$576,947 falls under the provisions of the Colorado Public Deposit Protection Act. The School District also had \$1,700 in petty cash on hand.

Custodial Credit Risk of Investments

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investment policies are governed by Colorado state statutes and the School District's own investment policies and procedures. At June 30, 2024, the School District does not have investments with custodial credit risk.

Interest Rate Risk

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The School District's policy minimizes interest rate risk by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market, and investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investment pools and limiting the average maturity in accordance with the School District's cash requirements. The Colorado Revised Statute 24-75-601 also limits investment maturities to five years or less.

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligations to the holder of the investment. State law has various restrictions on a majority of allowable investments and money markets related to ratings by a nationally recognized statistical rating organization. The School District's investment policy does not further limit its investment choices.

Investment	Carrying Value	Rating	Rating Organization
Colotrust Plus+	\$ 7,843,480	AAAm	Standard & Poor's
UMB - Colotrust Prime	1,597,500	AAAm	Standard & Poor's
Total	<u>\$ 9,440,980</u>		

June 30, 2024

Note 4 - Deposits and Investments (Continued)

Concentration of Credit Risk

The School District places no limit on the amount it may invest in any one issuer. The School District's policy minimizes concentration of credit risk by requiring diversification of the investment portfolio so that the impact of potential losses from any one type of issuer will be minimized. At June 30, 2024, the School District did not have any investments subject to concentration of credit risk.

Foreign Currency Risk

Foreign currency risk is the risk that an investment denominated in the currency of a foreign country could reduce its U.S. dollar value as a result of changes in foreign currency exchange rates. State law and the School District's investment policy prohibit investments in foreign currency.

Note 5 - Fair Value Measurements

The School District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the assets. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are significant other observable inputs, and Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy.

In instances where inputs used to measure fair value fall into different levels in the fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The School District's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset.

Investments in Entities that Calculate Net Asset Value per Share

The School District holds shares or interests in government pooled investment funds where the fair value of the investments is measured on a recurring basis using net asset value per share (or its equivalent) of the investment fund as a practical expedient.

As of June 30, 2024, the School District held \$9,440,980 in Colotrust Prime and Colotrust Plus+. Colotrust is rated AAAm by Standard and Poor's, with a net asset value of \$1 per share. There are no unfunded commitments, the redemption frequency is daily, and there is no redemption notice period.

Note 6 - Restricted Assets

At June 30, 2024, restricted assets are composed of the following:

Description	Governmental Activities
Unspent taxes levied - Bond redemption program	\$ 1,620,147
Unspent taxes levied - Program Reserve Fund	1,420,275
Cash balances reserved for TABOR	413,120
Total	<u>\$ 3,453,542</u>

Note 7 - Unavailable/Unearned Revenue

Governmental funds report unavailable revenue in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. Governmental funds also report unearned revenue recognition in connection with resources that have been received but not yet earned.

June 30, 2024

Note 7 - Unavailable/Unearned Revenue (Continued)

At June 30, 2024, the various components of unearned and unavailable revenue were as follows:

	Governmental Funds		
	Deferred Inflow - Unavailable	Liability - Unearned	Total
Property taxes	\$ 385,155	\$ -	\$ 385,155
Grant and categorical aid payment received prior to meeting all eligibility requirements	-	202,166	202,166
Total	\$ 385,155	\$ 202,166	\$ 587,321

Note 8 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows:

Fund Due To	Fund Due From			Total
	General Fund	Bond Redemption Fund	Nonmajor Funds	
Nonmajor funds	\$ 870,004	\$ 35,475	\$ 111,907	\$ 1,017,386
Custodial fund	1,000	-	-	1,000
Total	\$ 871,004	\$ 35,475	\$ 111,907	\$ 1,018,386

These balances result from the time lag between the dates that goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made.

Interfund transfers reported in the fund financial statements are comprised of the following:

Paying Fund (Transfer Out)	Receiving Fund (Transfer In)	Amount
General Fund	Capital Reserve Capital Projects Fund	\$ 750,000

Transfers from the General Fund provide funding for the Capital Reserve Capital Projects Fund on nonvoted bond and various capital projects.

June 30, 2024

Note 9 - Capital Assets

Capital asset activity of the School District's governmental activities was as follows:

	Balance July 1, 2023	Additions	Disposals and Adjustments	Balance June 30, 2024
Capital assets not being depreciated:				
Land	\$ 378,235	\$ -	\$ -	\$ 378,235
Construction in progress	20,590	127,969	(20,590)	127,969
Subtotal	398,825	127,969	(20,590)	506,204
Capital assets being depreciated:				
Buildings and improvements	38,822,810	94,370	-	38,917,180
Furniture and equipment	1,681,778	-	-	1,681,778
Buses and other vehicles	1,582,404	69,188	(129,500)	1,522,092
Land improvements	653,397	-	-	653,397
Subtotal	42,740,389	163,558	(129,500)	42,774,447
Accumulated depreciation:				
Buildings and improvements	15,164,030	846,042	-	16,010,072
Furniture and equipment	1,309,300	60,688	-	1,369,988
Buses and other vehicles	1,214,798	69,063	(129,500)	1,154,361
Land improvements	307,629	29,091	-	336,720
Subtotal	17,995,757	1,004,884	(129,500)	18,871,141
Net capital assets being depreciated	24,744,632	(841,326)	-	23,903,306
Net governmental activities capital assets	<u>\$ 25,143,457</u>	<u>\$ (713,357)</u>	<u>\$ (20,590)</u>	<u>\$ 24,409,510</u>

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

Governmental activities:	
Instruction	\$ 502,442
Support services	492,393
Food services	10,049
Total governmental activities	<u>\$ 1,004,884</u>

Note 10 - Short-term Debt

State of Colorado Interest-free Loan Program

During the year, the School District participated in the State of Colorado's Interest-free Loan Program to address short-term cash flow issues that arise prior to receiving property tax revenue. The School District received a loan in the amount of \$3,515,000, which has been paid in full as of June 30, 2024.

June 30, 2024

Note 11 - Long-term Debt

Long-term debt activity for the year ended June 30, 2024 can be summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds payable - Other debt:					
General obligations	\$ 12,920,000	\$ -	\$ (1,260,000)	\$ 11,660,000	\$ 1,295,000
Unamortized bond premiums	565,449	-	(80,090)	485,359	80,090
Total bonds payable - Other debt	13,485,449	-	(1,340,090)	12,145,359	1,375,090
Direct borrowings - Installment purchase agreements	331,066	-	(165,533)	165,533	165,533
Compensated absences	249,749	34,608	(62,729)	221,628	-
Total governmental activities long-term debt	<u>\$ 14,066,264</u>	<u>\$ 34,608</u>	<u>\$ (1,568,352)</u>	<u>\$ 12,532,520</u>	<u>\$ 1,540,623</u>

The School District had deferred outflows of \$664,650 related to deferred charges on bond refundings at June 30, 2024.

General Obligation Bonds and Contracts

The School District issues general obligation bonds to provide for the acquisition and construction of major capital facilities. General obligations have been issued for both governmental activities. General obligation bonds are direct obligations and pledge the full faith and credit of the School District. Installment purchase agreements are also general obligations of the School District. General obligations outstanding at June 30, 2024 are as follows:

Purpose	Remaining Annual Installments	Interest Rates (Percent)	Maturing	Outstanding
Governmental Activities				
\$8,420,000 Series 2012 Bond	\$580,000 - \$710,000	2.4 - 4.0	December 1, 2031	\$ 5,175,000
\$1,200,000 Series 2014 Bond	\$65,000 - \$85,000	3.0 - 4.0	December 1, 2031	605,000
\$7,975,000 Series 2014B Bond	\$605,000 - \$690,000	3.5	December 1, 2028	3,230,000
\$3,485,000 Series 2015 Bond	\$45,000 - \$835,000	2.0 - 4.0	December 1, 2031	<u>2,650,000</u>
Total other debt - General obligations				11,660,000
\$662,130 installment purchase agreement	\$165,533	0	July 30, 2024	<u>165,533</u>
Total governmental activities				<u>\$ 11,825,533</u>

Other Long-term Liabilities

Compensated absences attributable to the governmental activities will be liquidated primarily by the General and Food Service funds. The net pension liability and the net OPEB liability will be liquidated from the funds from which the individual employee’s salaries are paid, generally the General Fund and the Food Service Fund.

Note 11 - Long-term Debt (Continued)

Debt Service Requirements to Maturity

Annual debt service requirements to maturity for the above bonds and note obligations are as follows:

Years Ending June 30	Governmental Activities				
	Direct Borrowings and Direct Placements		Other Debt		Total
	Principal	Interest	Principal	Interest	
2025	\$ 165,533	\$ -	\$ 1,295,000	\$ 365,638	\$ 1,826,171
2026	-	-	1,350,000	321,255	1,671,255
2027	-	-	1,390,000	279,585	1,669,585
2028	-	-	1,430,000	235,853	1,665,853
2029	-	-	1,475,000	190,140	1,665,140
2030-2032	-	-	4,720,000	255,680	4,975,680
Total	\$ 165,533	\$ -	\$ 11,660,000	\$ 1,648,151	\$ 13,473,684

Note 12 - Risk Management

Colorado School Districts Self-insurance Pool

The School District belongs to the Colorado School Districts Self-insurance Pool (CDSIP) that was formed in 1981 to give individual districts more buying power and financial stability. By partnering with districts across the state, members gain better access to essential coverage at a competitive price and more control over the entire risk management function. The coverage provided by CDSIP is property, crime, general liability, auto liability and physical damage, and errors and omissions. The board of directors is composed of seven persons who are district school board members, superintendents, or district business officials. CDSIP became self-administered in May 1997 and currently has 11 employees. Settled claims resulting from these risks have not exceeded commercial insurance coverage or the deductible in any of the past three fiscal years. There has been no significant reduction in insurance coverage from the prior year in any of the major risk categories.

Each member's premium contribution is determined by CDSIP based on factors including, but not limited to, aggregate CDSIP claims, the cost of administrative and other operating expenses, the number of participants, operating and reserve fund adequacy, investment income, and reinsurance expense and profit sharing. Reporting to the Division of Insurance, as well as an audit and actuary study, is conducted annually. These reports may be obtained by contacting the CDSIP's administrative offices at 6857 South Spruce Street, Centennial, CO 80112.

Northern Colorado School Districts Self-insurance Pool

The purpose of the Northern Colorado School Districts Self-insurance Pool (the "Pool") is to provide members workers' compensation coverage and to help members prevent and reduce losses and injuries to persons or property that might result in claims being made against members of the Pool, their employees, or officers.

It is the intent of the members of the Pool to create an entity in perpetuity that will administer and use funds contributed by the members to defend and indemnify, in accordance with the bylaws, any member of the Pool against stated liability of loss, to the limit of the financial resources of the Pool. It is also the intent of the members to have the Pool provide continuing stability and availability of needed coverage at reasonable costs. All income and assets of the Pool shall be at all times dedicated to the exclusive benefit of its members.

Note 13 - Defined Benefit Pension Plan

General Information about the Pension Plan

Plan Description

Eligible employees of the School District are provided with pensions through the SCHDTF - a cost-sharing, multiple-employer defined benefit pension plan administered by PERA. Plan benefits are specified in Title 24, Article 51 of the Colorado Revised Statutes (C.R.S.), administrative rules set forth at 8 C.C.R. 1502-1, and applicable provisions of the federal Internal Revenue Code. Colorado state law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available Annual Comprehensive Financial Report (ACFR) that can be obtained at www.copera.org/investments/pera-financial-reports.

Benefits Provided as of December 31, 2023

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

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

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

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

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

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

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

Upon meeting certain criteria, benefit recipients who elect to receive a lifetime retirement benefit generally receive postretirement cost of living adjustments, referred to as annual increases in the C.R.S. Subject to the automatic adjustment provision (AAP) under C.R.S. § 24-51-413, eligible benefit recipients under the PERA benefit structure who began membership before January 1, 2007 and all eligible benefit recipients of the DPS benefit structure will receive the maximum annual increase (AI) or AI cap of 1.00 percent unless adjusted by the AAP. Eligible benefit recipients under the PERA benefit structure who began membership on or after January 1, 2007 will receive the lesser of an annual increase of the 1.00 percent 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 percent of PERA's annual increase reserve (AIR) for the SCHDTF. The AAP may raise or lower the aforementioned AI cap by up to 0.25 percent based on the parameters specified in C.R.S. § 24-51-413.

Note 13 - Defined Benefit Pension Plan (Continued)

Disability benefits are available for eligible employees once they reach 5 years of earned service credit and are determined to meet the definition of disability. The disability benefit amount is based on the lifetime retirement benefit formulas shown above considering a minimum 20 years of service credit, if deemed disabled.

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

Contributions Provisions as of June 30, 2024

Eligible employees of the School District are required to contribute to the SCHDTF at a rate set by Colorado statute. The contribution requirements for the SCHDTF are established under C.R.S. § 24-51-401, et seq. and § 24-51-413. Eligible employees are required to contribute 11.00 percent of their PERA-includable salary during the period of July 1, 2023 through June 30, 2024. Employer contribution requirements are summarized in the table below:

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

Contribution rates for the SCHDTF are expressed as a percentage of salary, as defined in C.R.S. § 2451101(42).

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the School District is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from the School District were \$1,912,753 for the year ended June 30, 2024.

For the purpose of GASB 68 paragraph 15, a circumstance exists in which a nonemployer contributing entity is legally responsible for making contributions to the SCHDTF and is considered to meet the definition of a special funding situation. As specified in C.R.S. § 2451414, the State is required to contribute \$225 million (actual dollars) direct distribution each year to PERA starting on July 1, 2018. A portion of the direct distribution payment is allocated to the SCHDTF based on the proportionate amount of annual payroll of the SCHDTF to the total annual payroll of the SCHDTF, State Division Trust Fund, Judicial Division Trust Fund, and Denver Public Schools Division Trust Fund. The direct distribution from the state was suspended in 2020. To compensate to PERA for the suspension. C.R.S §§ 24-51-414 (6-8) required restorative payments, 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. Additionally, the newly added C.R.S §§ 24-51-414(9) providing compensatory payment of \$14.561 million for 2023 only.

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

The net pension liability for the SCHDTF was measured as of December 31, 2023, and the total pension liability (TPL) used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2022. Standard update procedures were used to roll forward the TPL to December 31, 2023.

June 30, 2024

Note 13 - Defined Benefit Pension Plan (Continued)

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

At June 30, 2024, the School District reported a liability of \$24,608,819 for its proportionate share of the net pension liability that reflected a reduction for support from the State as a nonemployer contributing entity. The amount recognized by the School District as its proportionate share of the net pension liability, the related support from the State as a nonemployer contributing entity, and the total portion of the net pension liability that was associated with School District were as follows:

School District's proportionate share of the net pension liability	\$ 24,608,819
The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the School District	<u>539,598</u>
Total	<u>\$ 25,148,417</u>

At December 31, 2023, the School District's proportion was 0.1392 percent, which was an increase of 0.0195 percent from its proportion measured as of December 31, 2022.

For the year ended June 30, 2024, the School District recognized pension recovery of \$637,702 and revenue of \$41,112 for support from the State as a nonemployer contributing entity. At June 30, 2024, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 1,166,924	\$ -
Net difference between projected and actual earnings on pension plan investments	1,764,069	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	2,075,190	1,525,329
Contributions subsequent to the measurement date	<u>982,881</u>	<u>-</u>
Total	<u>\$ 5,989,064</u>	<u>\$ 1,525,329</u>

The \$982,881 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Years Ending June 30</u>	<u>Amount</u>
2025	\$ 536,149
2026	936,335
2027	2,206,329
2028	(197,959)

Note 13 - Defined Benefit Pension Plan (Continued)

Actuarial Assumptions

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

Actuarial cost method	Entry age
Price inflation	2.30%
Real wage growth	0.70%
Wage inflation	3.00%
Salary increases, including wage inflation	3.40%-11.00%
Long term investment rate of return - Net of pension plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Postretirement benefit increases:	
PERA benefit structure hired prior to January 1, 2007 and DPS benefit structure (compounded annually)	1.00%
PERA benefit structure hired after December 31, 2006*	Financed by the AIR

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

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

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

Postretirement nondisabled mortality assumptions were based upon the PubT-2010 Healthy Retiree Table, adjusted as follows:

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

Postretirement nondisabled beneficiary mortality assumptions were based upon the Pub-2010 Contingent Survivor Table, adjusted as follows:

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

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

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

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

Note 13 - Defined Benefit Pension Plan (Continued)

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

The PERA board first adopted the 7.25 percent long-term expected rate of return as of November 18, 2016. Following an asset/liability study, the PERA board reaffirmed the assumed rate of return at the Board's November 15, 2019 meeting to be effective January 1, 2020. As of the most recent reaffirmation of the long-term rate of return, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the table as follows:

Asset Class	Target Allocation	30-Year Expected Geometric Real Rate of Return
Global equity	54.00 %	5.60 %
Fixed income	23.00	1.30
Private equity	8.50	7.10
Real estate	8.50	4.40
Alternatives	6.00	4.70
Total	100.00 %	

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

Discount Rate

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

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00 percent.
- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the scheduled increases in Senate Bill (SB) 18-200 and required adjustments resulting from the 2018 and 2020 AAP assessments. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the scheduled increase in SB 18-200, required adjustments resulting from the 2018 and 2020 AAP assessments. Employer contributions also include current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103 percent, at which point the AED and SAED will each drop by 0.50 percent every year until they are zero. Additionally, estimated employer contributions reflect reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.

Note 13 - Defined Benefit Pension Plan (Continued)

- As specified in law, the State, as a nonemployer contributing entity, will provide an annual direct distribution of \$225 million (actual dollars), commencing on July 1, 2018, that is proportioned between the State, School, Judicial, and DPS Division Trust Funds based upon the covered payroll of each division. The annual direct distribution ceases when all Division Trust Funds are fully funded.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial FNP, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the FNP and the subsequent AIR benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the middle of the year.
- Beginning with the December 31, 2023 measurement date and thereafter, the FNP as of the current measurement date is used as a starting point for the GASB 67 projection test.

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

Sensitivity of the School District’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.25 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.25 percent) or 1 percentage point higher (8.25 percent) than the current rate:

	1 Percentage Point Decrease (6.25%)	Current Discount Rate (7.25%)	1 Percentage Point Increase (8.25%)
Proportionate share of the net pension liability	\$ 32,906,084	\$ 24,608,819	\$ 17,689,903

Pension Plan Fiduciary Net Position

Detailed information about the SCHDTF’s FNP is available in PERA’s ACFR, which can be obtained at www.copera.org/investments/pera-financial-reports.

Note 14 - Defined Benefit Other Postemployment Benefits Plan

General Information about the OPEB Plan

Plan Description

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

Benefits Provided

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

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

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

PERA Benefit Structure

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

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

June 30, 2024

Note 14 - Defined Benefit Other Postemployment Benefits Plan (Continued)

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

Contributions

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

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the School District is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the School District were \$95,731 for the year ended June 30, 2024.

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

At June 30, 2024, the School District reported a liability of \$594,203 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2023, and the total OPEB liability (TOL) used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2022. Standard update procedures were used to roll forward the TOL to December 31, 2023. The School District's proportion of the net OPEB liability was based on the School District contributions to the HCTF for the calendar year 2023 relative to the total contributions of participating employers to the HCTF.

At December 31, 2023, the School District's proportion was 0.08325 percent, which was a decrease of 0.00777 percent from its proportion measured as of December 31, 2022.

For the year ended June 30, 2024, the School District recognized OPEB cost recovery of \$142,401. At June 30, 2024, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 121,788
Changes in assumptions or other inputs	6,988	63,005
Net difference between projected and actual earnings on pension plan investments	18,377	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	15,729	88,700
Contributions subsequent to the measurement date	49,192	-
Total	<u>\$ 90,286</u>	<u>\$ 273,493</u>

June 30, 2024

Note 14 - Defined Benefit Other Postemployment Benefits Plan (Continued)

The \$49,192 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Years Ending June 30	Amount
2025	\$ (72,336)
2026	(54,098)
2027	(26,024)
2028	(41,567)
2029	(18,543)
Thereafter	(19,833)

Actuarial Assumptions

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

	Government Division
Actuarial cost method	Entry age
Price inflation	2.30%
Real wage growth	0.70%
Wage inflation	3.00%
Salary increases, including wage inflation - Members other than safety officers	3.40%-11.00%
Long-term investment rate of return - Net of OPEB investment expenses, including price inflation	7.25%
Discount rate	7.25%
Health care cost trend rates PERA benefit structure:	
Service-based premium subsidy	0.00%
PERACare Medicare plans (1)	7.00% in 2023 gradually decreasing to 4.50% in 2033
Medicare Part A premiums	3.50% gradually increasing to 4.50% in 2035

(1) UnitedHealthcare MAPD PPO plans are 0 percent for 2023.

June 30, 2024

Note 14 - Defined Benefit Other Postemployment Benefits Plan (Continued)

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

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

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

The 2023 Medicare Part A premium is \$506 (actual dollars) per month.

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

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

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.

June 30, 2024

Note 14 - Defined Benefit Other Postemployment Benefits Plan (Continued)

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

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

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

Preretirement mortality assumptions for the State and Local Government Divisions (members other than safety officers) were based upon the PubG-2010 Employee Table, with generational projection using scale MP-2019.

Preretirement mortality assumptions for safety officers were based upon the PubS-2010 Employee Table, with generational projection using scale MP-2019.

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

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

Postretirement nondisabled mortality assumptions for the State and Local Government Divisions (members other than safety officers) were based upon the PubG-2010 Healthy Retiree Table, adjusted as follows:

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

Postretirement nondisabled mortality assumptions for safety officers were based upon the unadjusted PubS-2010 Healthy Retiree Table, with generational projection using scale MP-2019.

Postretirement nondisabled mortality assumptions for the School Division were based upon the PubT-2010 Healthy Retiree Table, adjusted as follows:

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

June 30, 2024

Note 14 - Defined Benefit Other Postemployment Benefits Plan (Continued)

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

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

Postretirement nondisabled beneficiary mortality assumptions were based upon the Pub-2010 Contingent Survivor Table, adjusted as follows:

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

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

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

The following health care costs assumptions were updated and used in the rollforward calculation for the trust fund:

- Per capita health care costs in effect as of the December 31, 2022 valuation date for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits were updated to reflect the change in 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 actual valuation. The revised morbidity rate factors are based on a review of historical claims experience by age, gender, and status (active versus retired) from the actuary's claims data warehouse.
- The health care cost trend rates applicable to health care premiums were revised to reflect the then-current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

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

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

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

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

June 30, 2024

Note 14 - Defined Benefit Other Postemployment Benefits Plan (Continued)

The PERA board first adopted the 7.25 percent long-term expected rate of return as of November 18, 2016. Following an asset/liability study, the board reaffirmed the assumed rate of return at the board's November 15, 2019 meeting to be effective January 1, 2020. As of the most recent reaffirmation of the long-term rate of return, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the table as follows:

Asset Class	Target Allocation	30-Year Expected Geometric Real Rate of Return
Global equity	54.00 %	5.60 %
Fixed income	23.00	1.30
Private equity	8.50	7.10
Real estate	8.50	4.40
Alternatives	6.00	4.70
Total	100.00 %	

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

Sensitivity of the School 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 1 percentage point lower or 1 percentage point higher than the current rates:

	1 Percentage Point Decrease in Trend Rates	Current Trend Rates	1 Percentage Point 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	\$577,149	\$594,203	\$612,755

Discount Rate

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

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2023 measurement date
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00 percent.
- 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.

Note 14 - Defined Benefit Other Postemployment Benefits Plan (Continued)

- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Estimated transfers of dollars into the HCTF representing a portion of purchase service agreements intended to cover the costs associated with OPEB benefits.
- Benefit payments and contributions were assumed to be made at the middle of the year.
- Beginning with the December 31, 2023 measurement date and thereafter, the FNP as of the current measurement date is used as a starting point for the GASB 74 projection test.
- As of the December 31, 2023 measurement date, the FNP and related disclosure components for the HCTF reflect payments related to the disaffiliation of Tri-County Health Department as a PERA-affiliated employer, effective December 31, 2022. As of 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 FNP for the HCTF was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25 percent on OPEB plan investments was applied to all periods of projected benefit payments to determine the TOL. The discount rate determination does not use the municipal bond index rate, and, therefore, the discount rate is 7.25 percent. There was no change in the discount rate from the prior measurement date.

Sensitivity of the School 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 percent, as well as what the proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.25 percent) or 1 percentage point higher (8.25 percent) than the current rate:

	1 Percentage Point Decrease (6.25 percent)	Current Discount Rate (7.25 percent)	1 Percentage Point Increase (8.25 percent)
Proportionate share of the net OPEB liability	\$ 701,829	\$ 594,203	\$ 502,130

OPEB Plan Fiduciary Net Position

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

Note 15 - Contingent Liabilities

Federal and State Funding

The School District receives revenue from various federal and state grant programs that is subject to final review and approval by the grantor agencies. The amount, if any, of expenditures that may be disallowed by the granting agencies cannot be determined at this time; however, the School District expects such amounts, if any, to be immaterial.

Required Supplementary Information

Estes Park School District R-3

Required Supplementary Information Budgetary Comparison Schedule - General Fund

Year Ended June 30, 2024

	Original Budget	Final Budget	Actual	(Under) Over Final Budget
Revenue				
Local sources	\$ 14,801,837	\$ 16,114,867	\$ 15,945,844	\$ (169,023)
State sources	1,802,082	1,440,583	781,159	(659,424)
Total revenue	16,603,919	17,555,450	16,727,003	(828,447)
Expenditures				
Current:				
Instruction	7,689,448	8,221,739	8,134,863	(86,876)
Support services	7,511,562	8,135,350	6,901,486	(1,233,864)
Debt service - Principal	165,533	165,533	165,533	-
Capital outlay	141,000	196,000	82,557	(113,443)
Total expenditures	15,507,543	16,718,622	15,284,439	(1,434,183)
Excess of Revenue Over Expenditures	1,096,376	836,828	1,442,564	605,736
Other Financing Sources (Uses) - Transfers in (out)				
Transfers in	354,377	814,829	-	(814,829)
Transfers out	-	-	(750,000)	(750,000)
Total other financing sources (uses)	354,377	814,829	(750,000)	(1,564,829)
Gain on Sale of Capital Assets	-	-	7,600	7,600
Net Change in Fund Balance	1,450,753	1,651,657	700,164	(951,493)
Fund Balance - Beginning of year	4,240,196	4,240,196	4,240,196	-
Fund Balance - End of year	\$ 5,690,949	\$ 5,891,853	\$ 4,940,360	\$ (951,493)

Estes Park School District R-3

Required Supplementary Information
 Budgetary Comparison Schedule - Special Revenue Fund
 Program Reserve Fund

Year Ended June 30, 2024

	Original and Final Budget	Actual	Over Final Budget
Revenue - Local sources	\$ 1,419,434	\$ 1,420,275	\$ 841
Expenditures	-	-	-
Fund Balance - Beginning of year	-	-	-
Fund Balance - End of year	<u>\$ 1,419,434</u>	<u>\$ 1,420,275</u>	<u>\$ 841</u>

Estes Park School District R-3

Required Supplementary Information Schedule of the School District's Proportionate Share of the Net Pension Liability Colorado Public Employees' Retirement Association

	Last Ten Plan Years									
	Plan Years Ended December 31									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
School District's proportion of the net pension liability	0.13916 %	0.11973 %	0.14138 %	0.15498 %	0.13911 %	0.13779 %	0.15443 %	0.15257 %	0.15400 %	0.15100 %
School District's proportionate share of the net pension liability	\$ 24,608,819	\$ 21,803,755	\$ 16,453,144	\$ 23,429,308	\$ 20,784,208	\$ 24,398,550	\$ 49,937,794	\$ 45,425,121	\$ 23,535,598	\$ 20,493,328
State's proportionate share of the net pension liability associated with the School District**	539,598	6,353,833	1,886,143	-	2,636,212	3,336,233	-	-	-	-
Total	\$ 25,148,417	\$ 28,157,588	\$ 18,339,287	\$ 23,429,308	\$ 23,420,420	\$ 27,734,783	\$ 49,937,794	\$ 45,425,121	\$ 23,535,598	\$ 20,493,328
School District's covered payroll	\$ 9,201,488	\$ 9,236,529	\$ 8,835,918	\$ 8,291,172	\$ 8,175,069	\$ 7,575,228	\$ 7,124,669	\$ 6,847,484	\$ 6,727,933	\$ 6,500,519
School District's proportionate share of the net pension liability as a percentage of its covered payroll	273.31 %	304.85 %	207.55 %	282.58 %	286.49 %	366.13 %	700.91 %	663.38 %	349.82 %	315.26 %
Plan fiduciary net position as a percentage of total pension liability	64.74 %	61.79 %	74.86 %	66.99 %	64.52 %	57.01 %	43.96 %	43.10 %	59.20 %	62.84 %

**A direct distribution provision to allocate funds from the State of Colorado budget to Colorado PERA on an annual basis began in July 2018 based on Senate Bill 18-200.

Estes Park School District R-3

Required Supplementary Information Schedule of Pension Contributions Colorado Public Employees' Retirement Association

	Last Ten Fiscal Years									
	Years Ended June 30									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily required contribution	\$ 1,912,753	\$ 1,885,791	\$ 1,745,282	\$ 1,755,079	\$ 1,624,316	\$ 1,515,771	\$ 1,366,365	\$ 1,263,041	\$ 1,262,126	\$ 1,166,908
Contributions in relation to the statutorily required contribution	1,912,753	1,885,791	1,745,282	1,755,079	1,624,316	1,515,771	1,366,365	1,263,041	1,262,126	1,166,908
Contribution Excess	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
School District's Covered Payroll	\$ 9,385,417	\$ 9,253,131	\$ 8,966,356	\$ 8,828,365	\$ 8,381,404	\$ 7,923,725	\$ 7,314,706	\$ 7,124,706	\$ 6,847,451	\$ 6,500,519
Contributions as a Percentage of Covered Payroll	20.38 %	20.38 %	19.46 %	19.88 %	19.38 %	19.13 %	18.68 %	17.73 %	18.43 %	17.95 %

This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend is compiled, information will be presented for the years available.

Estes Park School District R-3

Required Supplementary Information Schedule of the School District's Proportionate Share of the Net OPEB Liability Colorado Public Employees' Retirement Association

	Last Eight Plan Years							
	Plan Years Ended December 31							
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
School District's proportion of the net OPEB liability	0.08325 %	0.09102 %	0.09231 %	0.08966 %	0.09092 %	0.08956 %	0.08776 %	0.08672 %
School District's proportionate share of the net OPEB liability	\$ 594,203	\$ 743,170	\$ 796,008	\$ 851,961	\$ 1,021,929	\$ 1,218,587	\$ 1,140,513	\$ 1,124,367
School District's covered payroll	\$ 9,201,488	\$ 9,236,529	\$ 8,835,918	\$ 8,291,172	\$ 8,175,069	\$ 7,575,228	\$ 7,124,669	\$ 6,847,484
School District's proportionate share of the net OPEB liability as a percentage of its covered payroll	6.46 %	8.05 %	9.01 %	10.28 %	12.50 %	16.09 %	16.01 %	16.42 %
Plan fiduciary net position as a percentage of total OPEB liability	46.16 %	38.57 %	39.40 %	32.78 %	24.49 %	17.03 %	17.53 %	16.72 %

The amounts presented for each fiscal year were determined as of December 31.

This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend is compiled, information will be presented for the years available.

Estes Park School District R-3

Required Supplementary Information Schedule of OPEB Contributions Colorado Public Employees' Retirement Association

	Last Nine Fiscal Years								
	Years Ended June 30								
	2024	2023	2022	2021	2020	2019	2018	2017	2016
Statutorily required contribution	\$ 95,731	\$ 94,382	\$ 89,541	\$ 90,049	\$ 85,490	\$ 80,822	\$ 74,610	\$ 72,672	\$ 69,844
Contributions in relation to the statutorily required contribution	95,731	94,382	89,541	90,049	85,490	80,822	74,610	72,672	69,844
Contribution Excess	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
School District's Covered Payroll	\$ 9,385,417	\$ 9,253,131	\$ 8,966,356	\$ 8,828,365	\$ 8,381,404	\$ 7,923,725	\$ 7,314,706	\$ 7,124,706	\$ 6,847,451
Contributions as a Percentage of Covered Payroll	1.02 %	1.02 %	1.00 %	1.02 %	1.02 %	1.02 %	1.02 %	1.02 %	1.02 %

This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend is compiled, information will be presented for the years available.

June 30, 2024

Budgetary Information

The School District adheres to the following procedures in compliance with Colorado Revised Statutes, establishing the budgetary data in the financial statements:

1. Budgets are required by state law for all funds. Prior to May 31, the superintendent of schools submits to the Board of Education a proposed budget for the fiscal year commencing on the following July 1. The budget proposes expenditures and the means of financing them.
2. Public hearings are conducted by the Board of Education to obtain taxpayer comments.
3. Prior to June 30, the budget is adopted by formal resolution.
4. Prior to January 31, the Board of Education submits its adopted annual budget to the Department of Education.
5. Expenditures may not legally exceed appropriations at the fund level. Authorization to transfer budgeted amounts between departments within any fund and reallocation of budget line items within any department in the General Fund rests with the superintendent of schools. Revisions that alter the total expenditures of any fund must be approved by the Board of Education.
6. Budgets for all funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America.
7. Budgeted amounts reported in the accompanying financial statements are originally adopted and as amended by the Board of Education throughout the year. After budget approval, the School District's Board of Education may approve supplementary appropriations of an occurrence, condition, or need that exists that was not known at the time the budget was adopted. Supplementary appropriations were made during the year.
8. Appropriations lapse at year end.

Pension Information

Benefit Changes

There were no significant changes of benefit terms for each of the reported plan years ended December 31.

Changes in Plan Provisions

2023 Changes in Plan Provisions Since 2022

- Senate Bill (SB) 23056, 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) 201379, but not fully repaid through the provisions within HB 221029. Pursuant to SB 23056, the State Treasurer issued a warrant consisting of the balance of the PERA Payment Cash Fund, created in §2451416, 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 "12pay" method to a "non12pay" 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.

June 30, 2024

Changes in Assumptions

There were no significant changes of assumptions for each of the reported plan years ended December 31 except for the following changes as compared to each respective previous plan year ended:

- 2023 - There were no changes made to the actuarial methods or assumptions.
- 2022 - There were no changes made to the actuarial methods or assumptions.
- 2021 - The assumption used to value the annual increases cap benefit provision was changed from 1.25 percent to 1.00 percent.
- 2020 - The assumption used for wage inflation was lowered from 3.50 percent to 3.00 percent. Additionally, the real rate of investment return assumption was increased to 4.95 percent per year, net of investment expenses, from 4.85 percent per year. The mortality assumptions were changed utilizing the PubT-2010 tables, with generational projections using scale MP-2019.
- 2019 - The assumption used to value the AI cap benefit provisions was changed from 1.50 percent to 1.25 percent.
- 2018 - The single equivalent interest rate (SEIR) was increased from 4.78 percent to 7.25 percent to reflect the changes to the projection's valuation basis, which no longer resulted in a projected year of depletion of the fiduciary net position (FNP), thereby eliminating the need to apply the municipal bond index rate.
- 2017 - The SEIR was lowered from 5.26 percent to 4.78 percent to reflect the changes to the projection's valuation basis, a projected year of depletion of the FNP, and the resulting application of the municipal bond index rate. Additionally, the municipal bond index rate used in the determination of the SEIR changed from 3.86 percent on the prior measurement date to 3.43 percent on the measurement date.
- 2016 - The assumption for investment return was lowered from 7.50 percent to 7.25 percent. The assumption used for wage inflation was lowered from 3.90 percent to 3.50 percent. Additionally, the SEIR was lowered from 7.50 percent to 5.26 percent to reflect the changes to the projection's valuation basis, a projected year of depletion of the FNP, and the resulting application of the municipal bond index rate of 3.86 percent on the measurement date. The mortality assumptions were changed utilizing the RP-2014 tables.
- 2015 - Certain programming and methodology changes were made.

OPEB Information

Changes in Plan Provisions

2023 Changes in Plan Provisions Since 2022

- As of the December 31, 2023 measurement date, the fiduciary net position (FNP) and related disclosure components for the Health Care Trust Fund (HCTF) reflect payments related to the disaffiliation of TriCounty Health Department (TriCounty Health) as a PERAaffiliated 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.

Benefit Changes

There were no significant changes of benefit terms for each of the reported plan years ended December 31.

Changes in Assumptions

There were no significant changes of assumptions for each of the reported plan years ended December 31 except for the following changes as compared to each respective previous plan year ended:

- 2023 - There were no changes made to the actuarial methods or assumptions.
- 2022 - The timing of the retirement decrement was adjusted to middle of year.
- 2021 - The timing of the retirement decrement was adjusted to middle of year.
- 2020 - The assumption used for wage inflation was lowered from 3.50 percent to 3.00 percent. Additionally, the real rate of investment return assumption was increased to 4.95 percent per year, net of investment expenses, from 4.85 percent. The mortality assumptions were changed utilizing the PubT-2010 tables, with generational projections using scale MP-2019.
- 2016 - The assumption used for investment return was lowered from 7.5 percent to 7.25 percent. Additionally, the assumption used for wage inflation was lowered from 3.90 percent to 3.50 percent. The mortality assumptions were changed utilizing the RP-2014 tables.

Other Supplementary Information

Estes Park School District R-3

**Other Supplementary Information
Combining Balance Sheet
Nonmajor Governmental Funds**

June 30, 2024

	Special Revenue Funds					Total
	Food Service Fund	Outreach Fund	Pupil Activity Fund	Designated Purpose Grants Fund	Capital Reserve Capital Projects Fund	
Assets						
Cash and investments	\$ 600	\$ -	\$ 100,331	\$ -	\$ -	\$ 100,931
Receivables:						
Other receivables	4,746	84	157	-	-	4,987
Due from other governments	51,320	-	-	281,504	-	332,824
Due from other funds	149,348	1,033	2,782	159	864,064	1,017,386
Inventory	25,422	-	-	-	-	25,422
Total assets	\$ 231,436	\$ 1,117	\$ 103,270	\$ 281,663	\$ 864,064	\$ 1,481,550
Liabilities						
Accounts payable	\$ 5,111	\$ 7	\$ 1,739	\$ 2,294	\$ 6,607	\$ 15,758
Due to other funds	-	-	-	111,907	-	111,907
Accrued liabilities and other	-	-	-	101,180	-	101,180
Unearned revenue	-	-	-	44,306	-	44,306
Fund Balances						
Nonspendable - Inventory	25,422	-	-	-	-	25,422
Restricted - Food service	200,903	-	-	-	-	200,903
Committed:						
Capital projects	-	-	-	-	857,457	857,457
Grant-funded activities	-	-	-	21,976	-	21,976
Adult education programs	-	1,110	-	-	-	1,110
Pupil activities	-	-	101,531	-	-	101,531
Total fund balances	226,325	1,110	101,531	21,976	857,457	1,208,399
Total liabilities and fund balances	\$ 231,436	\$ 1,117	\$ 103,270	\$ 281,663	\$ 864,064	\$ 1,481,550

Estes Park School District R-3

Other Supplementary Information Combining Statement of Revenue, Expenditures, and Changes in Fund Balances Nonmajor Governmental Funds

Year Ended June 30, 2024

	Special Revenue Funds					Total
	Food Service Fund	Outreach Fund	Pupil Activity Fund	Designated Purpose Grants Fund	Capital Reserve Capital Projects Fund	
Revenue						
Local sources	\$ 22,309	\$ -	\$ 309,627	\$ 107,486	\$ -	\$ 439,422
State sources	230,358	-	-	-	-	230,358
Federal sources	306,236	-	-	1,595,767	-	1,902,003
Total revenue	558,903	-	309,627	1,703,253	-	2,571,783
Expenditures						
Current:						
Instruction	-	-	454,698	1,069,436	-	1,524,134
Support services	-	-	-	636,936	-	636,936
Food services	630,362	-	-	-	-	630,362
Capital outlay	42,493	-	-	-	221,737	264,230
Total expenditures	672,855	-	454,698	1,706,372	221,737	3,055,662
Excess of Revenue (Under) Over Expenditures	(113,952)	-	(145,071)	(3,119)	(221,737)	(483,879)
Other Financing Sources - Transfers in	-	-	-	-	750,000	750,000
Net Change in Fund Balances	(113,952)	-	(145,071)	(3,119)	528,263	266,121
Fund Balances - Beginning of year, as previously reported	340,277	1,110	246,602	-	329,194	917,183
Change within Financial Reporting Entity	-	-	-	25,095	-	25,095
Fund Balances - Beginning of year, as adjusted or restated	340,277	1,110	246,602	25,095	329,194	942,278
Fund Balances - End of year	\$ 226,325	\$ 1,110	\$ 101,531	\$ 21,976	\$ 857,457	\$ 1,208,399

Estes Park School District R-3

Other Supplementary Information
 Budgetary Comparison Schedule - Nonmajor Governmental Funds
 Designated Purpose Grants Fund

Year Ended June 30, 2024

	Original Budget	Final Budget	Actual	(Under) Over Final Budget
Revenue				
Local sources	\$ 92,139	\$ 147,938	\$ 107,486	\$ (40,452)
Federal sources	1,864,823	2,001,282	1,595,767	(405,515)
Total revenue	1,956,962	2,149,220	1,703,253	(445,967)
Expenditures				
Current:				
Instruction	1,367,483	1,555,656	1,069,436	(486,220)
Support services	589,479	593,564	636,936	43,372
Total expenditures	1,956,962	2,149,220	1,706,372	(442,848)
Net Change in Fund Balance	-	-	(3,119)	(3,119)
Fund Balance - Beginning of year, as adjusted or restated	25,095	25,095	25,095	-
Fund Balance - End of year	<u>\$ 25,095</u>	<u>\$ 25,095</u>	<u>\$ 21,976</u>	<u>\$ (3,119)</u>

Estes Park School District R-3

Other Supplementary Information
 Budgetary Comparison Schedule - Nonmajor Governmental Funds
 (Continued)
 Food Service Fund

Year Ended June 30, 2024

	Original Budget	Final Budget	Actual	(Under) Over Final Budget
Revenue				
Local sources	\$ 61,550	\$ 61,550	\$ 22,309	\$ (39,241)
State sources	6,500	6,500	230,358	223,858
Federal sources	485,000	485,000	306,236	(178,764)
Total revenue	<u>553,050</u>	<u>553,050</u>	<u>558,903</u>	<u>5,853</u>
Expenditures				
Current - Food services	657,427	755,439	630,362	(125,077)
Capital outlay	-	-	42,493	42,493
Total expenditures	<u>657,427</u>	<u>755,439</u>	<u>672,855</u>	<u>(82,584)</u>
Excess of Expenditures Over Revenue	(104,377)	(202,389)	(113,952)	88,437
Other Financing Sources - Transfers in	<u>104,377</u>	<u>64,829</u>	<u>-</u>	<u>(64,829)</u>
Net Change in Fund Balance	-	(137,560)	(113,952)	23,608
Fund Balance - Beginning of year	<u>340,277</u>	<u>340,277</u>	<u>340,277</u>	<u>-</u>
Fund Balance - End of year	<u><u>\$ 340,277</u></u>	<u><u>\$ 202,717</u></u>	<u><u>\$ 226,325</u></u>	<u><u>\$ 23,608</u></u>

Estes Park School District R-3

Other Supplementary Information
Budgetary Comparison Schedule - Nonmajor Governmental Funds
(Continued)
Outreach Fund

Year Ended June 30, 2024

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Final Budget</u>
Revenue - Local sources	\$ -	\$ -	\$ -	\$ -
Expenditures - Adult education programs	-	-	-	-
Net Change in Fund Balance	-	-	-	-
Fund Balance - Beginning of year	1,110	1,110	1,110	-
Fund Balance - End of year	<u><u>\$ 1,110</u></u>	<u><u>\$ 1,110</u></u>	<u><u>\$ 1,110</u></u>	<u><u>\$ -</u></u>

Estes Park School District R-3

Other Supplementary Information
Budgetary Comparison Schedule - Nonmajor Governmental Funds
(Continued)
Pupil Activity Fund

Year Ended June 30, 2024

	Original Budget	Final Budget	Actual	Under Final Budget
Revenue - Local sources	\$ 611,000	\$ 611,000	\$ 309,627	\$ (301,373)
Expenditures - Pupil activity	611,000	611,000	454,698	(156,302)
Net Change in Fund Balance	-	-	(145,071)	(145,071)
Fund Balance - Beginning of year	246,602	246,602	246,602	-
Fund Balance - End of year	<u>\$ 246,602</u>	<u>\$ 246,602</u>	<u>\$ 101,531</u>	<u>\$ (145,071)</u>

Estes Park School District R-3

Other Supplementary Information
Budgetary Comparison Schedule - Nonmajor Governmental Funds
(Continued)
Capital Reserve Capital Projects Fund

Year Ended June 30, 2024

	Original Budget	Final Budget	Actual	(Under) Over Final Budget
Revenue	\$ -	\$ -	\$ -	\$ -
Expenditures - Capital outlay	520,000	1,079,194	221,737	(857,457)
Other Financing Sources - Transfers in	250,000	750,000	750,000	-
Net Change in Fund Balance	(270,000)	(329,194)	528,263	857,457
Fund Balance - Beginning of year	329,194	329,194	329,194	-
Fund Balance - End of year	<u><u>\$ 59,194</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 857,457</u></u>	<u><u>\$ 857,457</u></u>

Estes Park School District R-3

Other Supplementary Information Budgetary Comparison Schedule Bond Redemption Fund

Year Ended June 30, 2024

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Revenue - Local sources	\$ 1,688,750	\$ 1,688,750	\$ 1,723,161	\$ 34,411
Expenditures				
Debt service:				
Principal	1,260,000	1,260,000	1,260,000	-
Interest	428,750	428,750	415,294	(13,456)
Total expenditures	<u>1,688,750</u>	<u>1,688,750</u>	<u>1,675,294</u>	<u>(13,456)</u>
Net Change in Fund Balance	-	-	47,867	47,867
Fund Balance - Beginning of year	<u>1,513,727</u>	<u>1,513,727</u>	<u>1,513,727</u>	-
Fund Balance - End of year	<u><u>\$ 1,513,727</u></u>	<u><u>\$ 1,513,727</u></u>	<u><u>\$ 1,561,594</u></u>	<u><u>\$ 47,867</u></u>



Colorado Department of Education
Auditors Integrity Report
 District: 1570 - Estes Park R-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	4,240,197	15,984,603	15,284,438	4,940,361
18 Risk Mgmt Sub-Fund of General Fund	0	0	0	0
19 Colorado Preschool Program Fund	0	0	0	0
Sub- Total	4,240,197	15,984,603	15,284,438	4,940,361
11 Charter School Fund	0	0	0	0
20,26-29 Special Revenue Fund	1,110	0	0	1,110
06 Supplemental Cap Const, Tech, Main. Fund	0	0	0	0
07 Total Program Reserve Fund	0	1,420,275	0	1,420,275
21 Food Service Spec Revenue Fund	340,278	558,904	672,855	226,327
22 Govt Designated-Purpose Grants Fund	25,095	1,703,254	1,706,373	21,976
23 Pupil Activity Special Revenue Fund	246,602	309,625	454,695	101,531
25 Transportation Fund	0	0	0	0
31 Bond Redemption Fund	1,513,726	1,723,163	1,675,295	1,561,594
39 Certificate of Participation (COP) Debt Service Fund	0	0	0	0
41 Building Fund	0	0	0	0
42 Special Building Fund	0	0	0	0
43 Capital Reserve Capital Projects Fund	329,194	750,000	221,737	857,457
46 Supplemental Cap Const, Tech, Main Fund	0	0	0	0
Totals	6,696,202	22,449,822	20,015,393	9,130,632
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	47,532	711	270	47,973
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	47,532	711	270	47,973

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