

Holyoke School District RE-1J
Holyoke, Colorado

Financial Statements

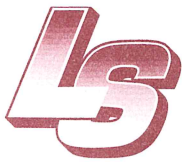
For the Year ended June 30, 2024

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Independent Auditors' Report

Board of Education
Holyoke School District RE-1J
Holyoke, Colorado

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Holyoke School District RE-1J (the District), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' 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 auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

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

America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The other supplementary information, auditors' integrity report and schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling 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, the auditors' integrity report and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2024 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Lauer, Szabo & Associates, P.C.

Sterling, Colorado
December 7, 2024

**HOLYOKE SCHOOL DISTRICT RJ-3
Management Discussion and Analysis
For Fiscal Year Ended June 30, 2024**

This section of Holyoke School District RE-1J annual financial report presents its discussion and analysis of the District's financial performance during the year ended June 30, 2024.

Financial Highlights

- The assets and deferred outflows of resources of the Holyoke School District RE-1J exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$7,998,643 (net position).
- The district's total net position increased by \$340,888.
- General revenues accounted for \$9,630,037 or 82% of the \$11,750,156 in total revenues. Program specific revenues in the form of charges for services, sales, and grants accounted for \$2,120,119 or 18% of revenues.
- The general fund ending fund balance reached \$4,648,212, an increase of \$456,070 from last year.

Overview of Financial Statements

The discussion and analysis is intended to serve as an introduction to the School District's basic financial statements. A comparison to the prior year's activity is normally provided in the document. The basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also contains required and other supplementary information in addition to the basic financial statements.

Government-wide Statements

The Government-wide financial statements are designed to provide readers with information about the School District as a whole using accounting methods similar to those used by private-sector businesses.

The statement of net position includes all of the School District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the School District is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and retiree's early retirement bonuses). In the government-wide financial statements, the School District's activities include the following:

- **Governmental activities:** Most of the School District's basic services are included here, such as instruction, transportation, maintenance and operations, administration, food service and pupil activities. Taxes and intergovernmental revenues principally support these activities.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The fund financial statements provide more detailed information about the School District's operations, focusing on the most significant or "major" funds, not the School District as a whole. The School District has one type of fund: governmental funds.

Governmental Funds

Most of the District's basic services are included in the governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps determine the status of financial resources that can be spent in the near future to finance the School District's program.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. Thus, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and change in fund balances provide reconciliation to the government-wide financial statements in order to facilitate this comparison between governmental funds and governmental activities.

The School District maintains seven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenue, expenditures and change in fund balances for the General Fund and Capital Reserve Capital Projects Fund, which are considered to be major funds. Data for the other five governmental funds are combined in a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The basic governmental fund financial statements can be found on pages 16-19 of this report.

Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements may be found on pages 20-56 of this report.

Other information

In addition to the basic financial statements, this report also presents other supplementary information concerning the School District's annual appropriated budgets with comparison statements that demonstrate compliance with budgets. Budgeted amounts may be found on pages 58-88.

Financial Analysis of the School District as a Whole

As noted earlier, net position may serve over time as a useful indicator of the School District's financial position.

65% of the School District's assets are investment in capital assets (e.g., land, buildings and equipment). The school District uses these assets to provide instruction and related services to its students.

The following table provides a summary of the district's net position (liabilities) as of June 30, 2024.

	Governmental Activities		Total Percentage Change
	2024	2023	2023-2024
Current and Other assets	\$ 7,359,784	\$ 6,474,834	13.66%
Capital assets	13,410,270	13,646,796	-1.73%
Total assets	20,770,054	20,121,630	3.22%
Deferred outflows of resources	2,976,514	1,675,356	77.66%
Total assets & deferred outflows of resources	\$ 23,746,568	\$ 21,796,986	8.94%
Long term liabilities	\$ 14,253,421	\$ 12,132,256	17.48%
Other liabilities	860,954	665,154	29.43%
Total liabilities	15,114,375	12,797,410	18.10%
Deferred inflows of resources	633,550	1,341,821	-53.58%
Net investment in capital assets	10,486,467	10,065,430	4.18%
Restricted	862,417	836,150	3.14%
Unrestricted	(3,350,241)	(3,243,825)	-3.28%
Total net position	7,998,643	7,657,755	4.45%
Total liabilities, deferred inflows of resources and net position	\$ 23,746,568	\$ 21,796,986	8.94%

Following is a summary of the School District's change in net position.

	Governmental Activities		Total Percentage Change
	2024	2023	2023-2024
Revenues			
Program Revenues			
Charges for services	\$ 86,119	\$ 121,648	-29.20%
Operating Grants & Contributions	2,034,000	2,091,285	-2.73%
Capital Grants & Contributions	-	20,471	-100.00%
General Revenues			
Property taxes	3,403,161	3,266,241	4.19%
State equalization	4,173,236	3,842,080	8.61%
Other	2,053,640	679,799	202.09%
Total Revenue	11,750,156	10,021,524	17.24%
Expenses			
Instruction	6,777,930	4,771,734	42.04%
Pupil & Instructional Services	520,038	390,504	33.17%
Administration & Business	1,265,031	919,984	37.50%
Maintenance & Operations	1,125,232	865,942	29.94%
Transportation	435,289	469,826	-7.35%
Other	1,285,748	1,281,129	0.36%
Total Expenses	11,409,268	8,699,119	31.15%
Change in net position	\$ 340,888	\$ 1,322,405	-74.22%

Governmental Activities

The primary source of operating revenue for school districts comes from the School Finance Act of 1994, as amended (SFA). Under the SFA the School District received \$11,635 per funded student. In fiscal year 2023-24 the funded pupil count was 570.9. Funding for the SFA comes from property taxes, specific ownership tax and state equalization. The School District receives approximately 57% of this funding from state equalization while the remaining amount comes from property taxes and specific ownership tax. The School District's assessed valuation generated \$2,782,640 in property taxes levied for general purposes for fiscal year 2023-2024.

Governmental Funds

The focus of the School District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the School district's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the School District's net resources available for spending at the end of the fiscal year.

At the end of the fiscal year, the School District's governmental funds reported combined ending fund balances of \$6,360,880, an increase of \$604,238 in comparison with the prior year. The general fund had a fund balance increase of \$456,070, the capital reserve capital projects fund had an increase in fund balance of \$262,100 and the other governmental funds had a fund balance decrease of \$113,932.

General Fund Budget Highlights

The 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.

The general fund balance for FY24 ended at \$4,648,212. This is an increase of \$456,070.

- The District increased its reserves for the 6th consecutive year.
- The District was in the 2nd to last year of the voter approved Mill Levy Override at 7.0 mills. The tax revenue generated from these mills was just under \$559,000. In addition, the State of Colorado gave additional money to districts that had a Mill Levy Override. Our District received \$152,443. The money from the Mill Levy Override has allowed the District to hire and retain highly qualified teachers, update transportation, update technology and add additional positions as needed throughout the District
- The District gave two raises for employees during the year amounting to an 8% increase to salaries. In addition, the District had money to give two bonuses. One in the Fall for returning teachers and one at the end of the school year for all employees. The starting base salary for beginning teachers was also increased to \$40,620.
- The District completed multiple capital projects. These included resurfacing of the outdoor track, new carpet throughout the high school hallways, new skylights at the elementary, updates to the superintendent's house, updates to the auditorium dressing rooms and many other small projects.
- The District paid off two leases with the bank totaling \$263,479.77. The leases were for two mini-buses and the addition of the Life Skills room at the junior high.
- The District applied for a BEST grant in February for a new elementary school. We were unsuccessful at obtaining the grant, however, in November of 2024, local voters approved a bond for the project and the District will again apply for the BEST grant in February of 2025.
- The District invested in two \$500,000 certificates of deposit. This increased interest revenue by over \$67,000.
- The District increased its Capital Reserve account by \$262,100 for future capital projects and purchases.
- The District recognizes the possibility of using beginning fund balance for FY25 to cover growing instruction costs, capital expenditures and any reduction of revenue caused by fluctuating enrollment. The District also recognizes that the use of one-time funds for long term financial decisions is not a sustainable financial factor moving forward. The District will make every effort to work towards a balanced budget within normal business operations.
- The District will continue to carefully monitor the fund balance in an effort to maintain our programming and infrastructure at a high level.

Capital Assets and Debt Administration

Capital Assets

The School Districts investment in capital assets for its governmental activities as of June 30, 2024 amounts to \$13,410,270 (net of accumulated depreciation). This investment in capital assets includes land, buildings, and improvements, equipment, construction in progress, and capital leases all with an original cost greater than \$5,000. The School District's total capital assets at June 30, 2024 net of accumulated depreciation were as follows:

	Governmental Activities
Buildings and improvements	\$ 12,425,843
Furniture and equipment	369,814
Licensed vehicles	614,613
Total Capital Assets	<u>\$ 13,410,270</u>

Additional information on the School District's capital assets can be found in note F to the basic financial statements.

Long-Term Debt

At year-end, the School District's long-term debt of \$3,117,883 represented its compensated absences of \$194,080, financed purchases of \$1,128,580 and general obligation bonds and related bond premium of \$1,595,000 and \$200,223, respectively.

Economic Factors

The District saw another drop in student enrollment for FY24. Since 2019, the seat count for all grades has gone from 587 to 533. The October Count for FY25 is projected to have a seat count below 510 students. Since funded count is currently based on a 5-year average, the effect to the District's overall revenue will not be as substantial as it would be if based on current count. However, the District will need to monitor this closely as a new funding formula goes into place starting with FY26 which will give more money towards special categories like ELL and At-Risk population but will base the funded count on a 4-year average instead of the current 5-year average. In addition, the current Mill Levy Override will expire in December of 2025. This accounts for over \$700,000 in revenue to the general budget.

Housing continues to be an issue for the area. The availability of affordable housing is certainly a contributing factor to the loss in student enrollment. Without affordable housing, people are living in surrounding communities and enrolling their children in other districts even though they work in the community.

Even though it looks as though there will be some financial challenges in the next few years, the District has prepared itself by increasing its reserves to well over \$4,000,000. This will allow the District some time to make necessary budget adjustments to work towards a balanced budget and not rely on reserves to make up for any deficits.

Contacting the Districts Financial Management

This financial report is designed to provide the District's citizens, taxpayers, parents, investors and creditors with a general overview of the District's finances and to demonstrate the district's accountability for the money it receives. If you have any questions about this report or need additional information, contact Holyoke School District RE-1J, 435 S Morlan, Holyoke, CO 80734.

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Basic Financial Statements

The basic financial statements of the District include the following:

Government-wide financial statements. The government-wide statements display information about the reporting government as a whole.

Fund financial statements. The fund financial statements display information about major funds individually and nonmajor funds in the aggregate for governmental funds.

Notes to the financial statements. The notes communicate information essential for fair presentation of the financial statements that is not displayed on the face of the financial statements. As such, the notes are an integral part of the basic financial statements.

HOLYOKE SCHOOL DISTRICT RE-1J
Statement of Net Position
June 30, 2024

	Governmental Activities
Assets	
Cash	\$ 5,163,908
Cash with fiscal agent	376,342
Certificates of deposit	1,033,932
Receivables	775,218
Inventories	10,384
Capital assets, net of depreciation	<u>13,410,270</u>
Total assets	20,770,054
Deferred outflows of resources	
Pension deferrals	2,918,712
Other post-employment benefit deferrals	<u>57,802</u>
Total deferred outflows of resources	<u>2,976,514</u>
Total assets and deferred outflows of resources	<u><u>\$ 23,746,568</u></u>
Liabilities	
Accounts payable	\$ 101,381
Accrued salaries and benefits	638,865
Payroll deductions and withholdings	24,214
Unearned revenues	7,246
Unearned grant revenue	64,538
Accrued interest payable	24,710
Noncurrent liabilities	
Due within one year	277,099
Due in more than one year	2,840,784
Net pension liability	10,872,999
Net OPEB liability	<u>262,539</u>
Total liabilities	15,114,375
Deferred inflows of resources	
Pension deferrals	548,678
Other post-employment benefit deferrals	<u>84,872</u>
Total deferred inflows of resources	633,550
Net position	
Net investment in capital assets	10,486,467
Restricted for:	
Emergencies	260,000
Universal preschool program	26,914
Food service operations	233,741
Scholarships	28,403
Debt service	293,517
Capital projects	19,842
Unrestricted (deficit)	<u>(3,350,241)</u>
Total net position	<u>7,998,643</u>
Total liabilities, deferred inflows of resources and net position	<u><u>\$ 23,746,568</u></u>

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

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HOLYOKE SCHOOL DISTRICT RE-1J
Statement of Activities
For the Year Ended June 30, 2024

	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities				
Instruction	\$ 6,777,930	\$ 58,830	\$ 1,063,918	
Supporting services				
Students	312,611		158,695	
Instructional staff	207,427		183,537	
General administration	420,896		800	
School administration	621,410		62,282	
Business services	222,725		1,584	
Operations and maintenance	1,125,232		166,592	
Student transportation	435,289		56,382	
Central support services	390,318			
Food service operations	347,050	27,289	340,210	
Facilities acquisition	21,240			
Unallocated depreciation *	460,987			
Interest and fiscal charges	66,153			
Total governmental activities	<u>\$ 11,409,268</u>	<u>\$ 86,119</u>	<u>\$ 2,034,000</u>	<u>\$ -</u>

* This amount excludes depreciation that is included in the direct expenses of the various programs.

General revenues
 Taxes
 Property taxes, levied for general purposes
 Property taxes, levied for debt service
 Specific ownership taxes
 Delinquent taxes and interest
 State equalization
 Earnings on investments
 Other

Total general revenues

Change in net position

Net position at beginning of year

Net position at end of year

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

Net (Expenses)
Revenues and
Changes in
Net Position

Governmental
Activities

\$ (5,655,182)

(153,916)

(23,890)

(420,096)

(559,128)

(221,141)

(958,640)

(378,907)

(390,318)

20,449

(21,240)

(460,987)

(66,153)

(9,289,149)

2,782,640

270,298

343,449

6,774

4,173,236

102,043

1,951,597

9,630,037

340,888

7,657,755

\$ 7,998,643

HOLYOKE SCHOOL DISTRICT RE-1J
Balance Sheet
Governmental Funds
June 30, 2024

	General Fund	Capital Reserve Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Assets				
Cash	\$ 3,762,649	\$ 899,482	\$ 501,777	\$ 5,163,908
Cash with fiscal agent	52,239		324,103	376,342
Certificates of deposit	1,033,932			1,033,932
Due from other funds	45,945		18,622	64,567
Property taxes receivable	218,814		21,256	240,070
Grants receivable	70,478		51,769	122,247
Other receivables	411,566		1,335	412,901
Inventories			10,384	10,384
Total assets	\$ 5,595,623	\$ 899,482	\$ 929,246	\$ 7,424,351
Liabilities				
Due to other funds	\$ 11,622		\$ 52,945	\$ 64,567
Accounts payable	59,914		41,467	101,381
Accrued salaries and benefits	638,865			638,865
Payroll deductions and withholdings	24,214			24,214
Unearned revenues			7,246	7,246
Unearned grant revenue	64,538			64,538
Total liabilities	799,153	\$ -	101,658	900,811
Deferred inflows of resources				
Deferred property tax revenues	148,258		14,402	162,660
Total deferred inflows of resources	148,258	-	14,402	162,660
Fund balance				
Nonspendable inventories			10,384	10,384
Restricted for:				
Emergencies	260,000			260,000
Universal preschool program	26,914			26,914
Food service operations			223,357	223,357
Scholarships			28,403	28,403
Debt service			293,517	293,517
Capital projects			19,842	19,842
Committed to:				
Pupil activities			237,683	237,683
Capital outlay		899,482		899,482
Unassigned	4,361,298			4,361,298
Total fund balance	4,648,212	899,482	813,186	6,360,880
Total liabilities, deferred inflows of resources and fund balance	\$ 5,595,623	\$ 899,482	\$ 929,246	\$ 7,424,351

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

HOLYOKE SCHOOL DISTRICT RE-1J
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
June 30, 2024

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

Total fund balance - governmental funds	\$ 6,360,880
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the fund.	13,410,270
Certain receivables will be collected in the next fiscal year, but are not available soon enough to pay for the current period's expenditures, and therefore are reported as unearned revenues in the funds.	162,660
Accrued interest on long-term debt is not due and payable in the current period and therefore is not reported as a liability in the funds.	(24,710)
Long-term liabilities and related deferred outflows and inflows of resources are not due and payable in the current period and therefore are not reported as liabilities in the funds.	<u>(11,910,457)</u>
Net position of the governmental activities	<u>\$ 7,998,643</u>

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

HOLYOKE SCHOOL DISTRICT RE-1J
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2024

	General Fund	(Formerly Major Fund) Bond Redemption Fund	(Formerly Nonmajor Fund) Capital Reserve Capital Projects Fund	Other Governmental Funds
Revenues				
Local sources	\$ 4,806,447			\$ 684,315
Intermediate sources	699			
State sources	5,210,252			72,316
Federal sources	606,957			267,894
Total revenues	10,624,355	\$ -	\$ -	1,024,525
Expenditures				
Instruction	5,832,313			351,982
Supporting services	3,436,203			421,570
Capital outlay			172,900	108,255
Debt service				
Principal retirement	427,149			200,000
Interest and fiscal charges	45,870			56,650
Total expenditures	9,741,535	-	172,900	1,138,457
Excess of revenues over (under) expenditures	882,820	-	(172,900)	(113,932)
Other financing sources (uses)				
Sale of assets	8,250			
Transfers in			435,000	
Transfers out	(435,000)			
Total other financing sources (uses)	(426,750)	-	435,000	-
Net change in fund balances	456,070	-	262,100	(113,932)
Fund balance at beginning of year, as previously reported	4,192,142	274,461	-	1,290,039
Adjustment - changes between major and nonmajor funds	-	(274,461)	637,382	(362,921)
Fund balance at beginning of year, as adjusted	4,192,142	-	637,382	927,118
Fund balance at end of year	\$ 4,648,212	\$ -	\$ 899,482	\$ 813,186

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

Total Governmental Funds	Amounts reported for governmental activities in the statement of activities are different because:	
	Net change in fund balance - governmental funds	\$ 604,238
\$ 5,490,762	Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities, those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expense in the statement of activities. This is the amount by which depreciation exceeded capital outlays in the current period.	(227,776)
699		
5,282,568	In the statement of activities, the net loss on the disposal of capital assets is reported, whereas in the governmental funds, the proceeds in net position from the disposal increases financial resources. Thus, the change in net position differs from the change in fund balance by the net book value of the capital assets disposed of.	(8,750)
874,851		
11,648,880	Because some property taxes will not be collected for several months after the fiscal year ends, they are not considered as "available" revenues in the governmental funds and are, instead, counted as deferred tax revenues. They are, however, recorded as revenues in the statement of activities.	78,959
6,184,295		
3,857,773	In the statement of activities, certain expenses - compensated absences, accrued interest payable and amortization expenses - are measured by the amounts incurred or earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid).	1,035
281,155		
627,149		
102,520		
11,052,892	Governmental funds report pension and OPEB contributions as expenditures. However, in the statement of activities, service costs, current year benefit. However, in the statement of activities, service costs, current year benefit changes, member contributions, expected earnings on plan investments, administrative expenses and recognition of deferred outflows and inflows from the pensions and OPEB are reported as expense.	(733,967)
595,988		
8,250		
435,000		
(435,000)		
8,250		
604,238	Repayment of principal on general obligation bonds and financed purchases are expenditures in the governmental funds, but the repayment reduces the long-term debt liability in the statement of net position.	627,149
5,756,642		
-		
5,756,642	Change in net position of governmental activities	\$ 340,888
<u>\$ 6,360,880</u>		

HOLYOKE SCHOOL DISTRICT RE-1J
Notes to Financial Statements

Note A – Summary of significant accounting policies

This summary of the Holyoke School District RE-1J's significant accounting policies is presented to assist the reader in interpreting the financial statements and other data in this report. The policies are considered essential and should be read in conjunction with the accompanying financial statements.

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to local government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial principles. The more significant of the District's accounting policies are described below.

A.1 – Reporting entity

The Holyoke School District RE-1J is a school district governed by an elected seven-member board of education. The financial reporting entity consists of (1) the primary government, (2) organizations for which the primary government is financially accountable, and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The reporting entity's financial statements should present the funds of the primary government (including its blended component units, which are, in substance, part of the primary government) and provide an overview of the discretely presented component units.

The District has examined other entities that could be included as defined in number 2 and 3 above. Based on these criteria, the District has no component units.

A.2 – Fund accounting

The District uses funds to report its financial position and results of operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate "fund types." The district does not have any proprietary or fiduciary funds.

Governmental funds are used to account for all or most of a government's general activities, including the collection and disbursement of earmarked funds (special revenue funds), and the servicing of general long-term debt (debt service fund). The following are the District's major governmental funds:

HOLYOKE SCHOOL DISTRICT RE-1J
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

General Fund – The General Fund is the operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund. Major revenue sources include local property taxes, specific ownership taxes, and State of Colorado equalization funding, as determined by the School Finance Act of 1994, as amended.

Expenditures include all costs associated with the daily operation of the schools, except for certain capital outlay expenditures, debt service, food service operations, scholarships and pupil activities.

Capital Reserve Capital Projects Fund – This fund is a capital projects fund used to account for and report financial resources that have been designated for capital outlays acquisition or construction of major capital facilities and other capital assets.

The following are the District's nonmajor governmental funds:

Food Service Fund – This fund is a special revenue fund used to account for the financial activities associated with the District's food service operations.

Pupil Activity Fund – This fund is a special revenue fund used to record transactions related to school-sponsored pupil organizations and activities.

Scholarship Fund – This fund is a special revenue fund used to account for the financial transactions related to the administration of scholarships that are awarded to students.

Bond Redemption Fund – This fund is a debt service fund used to account for the revenues from a specific tax levy for the purpose of the repayment of debt principal, interest and other fiscal charges.

Building Fund – This fund is a capital projects fund used to account for the revenues from a bond issuance and BEST grant funds for the purpose of the acquisition or construction of major capital facilities.

Note A.3 – Basis of presentation

Government-wide financial statements – The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government except for fiduciary funds. The statements distinguish between those activities of the District that are governmental and those that are considered business-type activities.

HOLYOKE SCHOOL DISTRICT RE-1J
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include reconciliations with a brief explanation to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore are clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues, which are not classified as program revenues, are presented as general revenues of the District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the District.

Fund financial statements – Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources management focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets, deferred outflows of resources, current liabilities and deferred inflows of resources, and a statement of revenues, expenditures and changes in fund balance, which reports the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources.

A.4 – Basis of accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting.

HOLYOKE SCHOOL DISTRICT RE-1J
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

Revenues – exchange and non-exchange transactions – Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, are recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenues are recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within sixty days of fiscal year-end, except for state and federal grant revenues, which are considered available if collection is expected within six months of year end.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenues from property taxes are recognized in the fiscal year for which the taxes are levied. State equalization monies are recognized as revenues during the period in which they are appropriated. Revenues from grants, entitlements and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: property taxes collected within sixty days after year-end, interest, tuition, grants and student fees.

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

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

HOLYOKE SCHOOL DISTRICT RE-1J
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

Unearned revenue – Unearned revenues arise when potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period. Unearned revenues also arise when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to meeting eligibility requirements. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for unearned revenue is removed and the revenue is recognized.

Expenditures – the measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

A.5 – Encumbrances

Encumbrance accounting is utilized by the District to record purchase orders, contracts and other commitments for the expenditure of monies to assure effective budgetary control and accountability. Encumbrances outstanding at year-end are canceled and reappropriated in the ensuing year’s budget.

A.6 – Short-term interfund receivables/payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as internal balances on the government-wide statement of net position, and are classified as due from other funds or due to other funds on the balance sheet.

A.7 – Inventories

Food Service Fund – purchased inventories are stated at cost as determined by the first-in, first-out method. Commodity inventories are stated at the United States Department of Agriculture’s assigned values, which approximate fair value, at the date of receipt. Expenditures for food items are recorded when consumed. The federal government donates surplus commodities to the national school lunch program. Commodity distributions used by the District are recorded as revenues at the date of their consumption.

A.8 – Capital assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position, but are not reported in the fund financial statements.

HOLYOKE SCHOOL DISTRICT RE-1J
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

All capital assets with a unit cost greater than \$5,000 are capitalized at cost (or estimated historical cost, if actual cost is not available) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair value on the date received. Infrastructure assets, consisting of certain improvements other than buildings (such as parking facilities, sidewalks, landscaping and lighting systems) are capitalized along with other capital assets. Improvements to assets are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not.

All reported capital assets are depreciated with the exception of land costs. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Governmental Activities</u>
Buildings and improvements	20-50 years
Furniture and equipment	5-25 years
Licensed vehicles	7-10 years

A.9 – Compensated absences

The District reports compensated absences in accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences." Compensated absences benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the District will compensate the employees for the benefits through paid time off or some other means. Accumulated sick leave benefits are paid to employees upon termination of employment.

Certain personnel and full-time employees receive up to two days of sick leave each year. Upon leaving the District, instructional staff are to be paid for up to twenty days of accumulated days at the current one-day substitute's rate and administrative staff is to be paid for up to twenty days of accumulated days at 60% of the current one-day substitute's rate. In addition, accumulated vacation days are to be paid to administrative staff upon leaving the District at their daily rate.

The entire compensated absence liability is reported on the government-wide financial statements. For governmental fund financial statements, the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts, if any are recorded in the account "accrued compensated absences" in the fund from which the employees who have accumulated unpaid leave are paid. The noncurrent portion of the liability is not reported.

HOLYOKE SCHOOL DISTRICT RE-1J
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

The amount recorded as liabilities for all applicable compensated absences include salary-related payments associated with the payment of compensated absences, using the rate in effect at the balance sheet date.

A.10 – Accrued liabilities and long-term obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, the noncurrent portion of compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they will be paid with current, expendable, available financial resources. Bonds payable and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements until due. Bond premiums and discounts and amounts deferred upon refunding are amortized over the life of the bonds using the straight-line method.

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

A.11 – Fund balance

The Governmental Accounting Standards Board (GASB) has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes.

GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance categories listed below.

Nonspendable, such as fund balance associated with inventories, prepaid expenditures, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed or assigned),

HOLYOKE SCHOOL DISTRICT RE-1J
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

Restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

Committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the board of education (the District's highest level of decision-making authority),

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 restricted or committed, and

Unassigned fund balance is the residual classification for the District's general fund and includes all spendable amounts not contained in the other classifications.

Committed fund balance is established by a formal passage of a resolution. This is typically done through the adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund. Assigned fund balance is established by the board of education through adoption or amendment of the budget as intended for specific purpose (such as purchase of fixed assets, construction, debt service or for other purposes).

When both restricted and unrestricted resources are available in governmental funds, the District applies expenditures against restricted fund balance first, and followed by committed fund balance, assigned fund balance and unassigned fund balance.

A.12 – Net position

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are liabilities imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

HOLYOKE SCHOOL DISTRICT RE-1J
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

A.13 – Interfund transactions

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. In general, the effect of interfund activity has been eliminated from the government-wide financial statements.

A.14 – Extraordinary and special items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the board of education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during the year.

Note B – Cash and investments

Cash and deposits

Colorado State statutes govern the District's deposit of cash. The Public Deposit Protection Acts (PDPA) for banks and savings and loans require state regulators to certify eligible depositories for public deposits. The PDPA require eligible depositories with public deposits in excess of federal insurance levels to create a single institution collateral pool of defined eligible assets. Eligible collateral includes obligations of the United States, obligations of the State of Colorado or Colorado local governments and obligations secured by first lien mortgages on real property located in the state. The pool is to be maintained by another institution or held in trust for all uninsured public deposits as a group and not held in any individual government's name. The fair value of the assets in the pool must be at least equal to 102% of the aggregate uninsured deposits.

Custodial credit risk – deposits – Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of year-end, the District had total deposits of \$6,243,599 of which \$659,757 was insured and \$5,583,842 was collateralized with securities held by the pledging institution's trust department or agent in the District's name.

HOLYOKE SCHOOL DISTRICT RE-1J
Notes to Financial Statements

Note B – Cash and investments (Continued)

Investments

Authorized Investments – Investment policies are governed by Colorado State Statutes and the District’s own investment policies and procedures. Investments of the District may include:

- Obligations of the United States Government such as treasury bills, notes and bonds
- Certain international agency securities
- General obligation and revenue bonds of United States local government entities
- Bankers acceptances of certain banks
- Commercial paper
- Local government investment pools
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts

At year-end, the District did not have any investments.

Note C – Receivables

Receivables at year-end consist of the following:

	<u>Governmental Activities</u>
Property taxes receivable	\$ 240,070
Grants receivable	122,247
Other receivables	<u>412,901</u>
Total	<u>\$ 775,218</u>

Property taxes are levied on December 15th and attach as a lien on property the following January 1st. They are payable in full by April 30th or are due in two equal installments on February 28th and June 15th. Phillips, Yuma and Sedgwick Counties bill and collect property taxes for all taxing entities within the Counties. The tax receipts collected by the county are remitted to the District in the subsequent month.

HOLYOKE SCHOOL DISTRICT RE-1J
Notes to Financial Statements

Note D – Interfund transactions

The following is a summary of interfund borrowings and transfers for the year as presented in the fund financial statements:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
<u>Governmental funds</u>		
General fund	\$ 45,945	\$ 11,622
Other governmental funds	<u>18,622</u>	<u>52,945</u>
Total	<u>\$ 64,567</u>	<u>\$ 64,567</u>

All balances resulted from the time lag between the dates that (1) interfund reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

	<u>Transfers In</u>	<u>Transfers Out</u>
<u>Governmental funds</u>		
General fund	\$ -	\$ 435,000
Capital reserve capital projects fund	<u>435,000</u>	<u>-</u>
Total	<u>\$ 435,000</u>	<u>\$ 435,000</u>

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them. The District transferred funds in the amount of \$435,000 from the General Fund to the Capital Reserve Capital Projects Fund to set funds aside for future capital outlays.

HOLYOKE SCHOOL DISTRICT RE-1J
Notes to Financial Statements

Note E – Capital assets

Capital asset activity for the year was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions/ Adjustments</u>	<u>Ending Balance</u>
Governmental activities				
Capital assets, not being depreciated:				
Construction in progress	\$ -	\$ 49,133	\$ -	\$ 49,133
Total capital assets, not being depreciated	-	49,133	-	49,133
Capital assets, being depreciated:				
Buildings and improvements	27,079,844	292,415	-	27,372,259
Furniture and equipment	743,862	71,649	-	815,511
Licensed vehicles	<u>1,130,131</u>	<u>36,395</u>	<u>(70,000)</u>	<u>1,096,526</u>
Total capital assets, being depreciated	<u>28,953,837</u>	<u>400,459</u>	<u>(70,000)</u>	<u>29,284,296</u>
Total capital assets	28,953,837	449,592	(70,000)	29,333,429
Less accumulated depreciation for:				
Buildings and improvements	(14,465,987)	(529,562)	-	(14,995,549)
Furniture and equipment	(402,956)	(42,741)	-	(445,697)
Licensed vehicles	<u>(438,098)</u>	<u>(105,065)</u>	<u>61,250</u>	<u>(481,913)</u>
Total accumulated depreciation	<u>(15,307,041)</u>	<u>(677,368)</u>	<u>61,250</u>	<u>(15,923,159)</u>
Governmental activities capital assets, net	<u>\$ 13,646,796</u>	<u>\$ (227,776)</u>	<u>\$ (8,750)</u>	<u>\$ 13,410,270</u>

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

Governmental activities	
Instruction	\$ 85,625
Instructional staff	2,931
Operations and maintenance	23,196
Student transportation	93,622
Food service operations	11,007
Unallocated	<u>460,987</u>
Total	<u>\$ 677,368</u>

HOLYOKE SCHOOL DISTRICT RE-1J
Notes to Financial Statements

Note F – Accrued salaries and benefits

Salaries and benefits of certain contractually employed personnel are paid over a twelve-month period from September to August, but are earned during a school year of approximately nine to ten months. The salaries and benefits earned but not paid at year-end are estimated to be \$638,865. Accordingly, this accrued compensation is reflected as a liability in the accompanying financial statements.

Note G – Long-term debt

The following is a summary of the changes in long-term debt for the year:

	<u>Beginning</u> <u>Balances</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending</u> <u>Balances</u>	<u>Due within</u> <u>one year</u>
Governmental activities					
Compensated absences	\$ 158,748	\$ 35,332*	\$ -	\$ 194,080	\$ -
Financed purchases	1,555,729	-	(427,149)	1,128,580	67,099
General obligation bonds	1,795,000	-	(200,000)	1,595,000	210,000
Bond premium	<u>230,637</u>	<u>-</u>	<u>(30,414)</u>	<u>200,223</u>	<u>-</u>
Total	<u>\$ 3,740,114</u>	<u>\$ 35,332</u>	<u>\$ (657,563)</u>	<u>\$ 3,117,883</u>	<u>\$ 277,099</u>

*The change in the compensated absences liability is presented as a net change.

Payments on the financed purchases and general obligation bonds are made by the General Fund and Bond Redemption Fund, respectively.

The District believes that the current portion of compensated absences is negligible and is therefore not reported.

General obligation bonds

General obligation bonds payable consist of the following individual issue:

\$2,200,000 general obligation bonds, dated February 17, 2021, due in annual installments ranging from \$200,000 to \$250,000; varying interest rates from 3.00% to 4.00%, payable semi-annually on June 1st and December 1st.

\$ 1,595,000

HOLYOKE SCHOOL DISTRICT RE-1J
Notes to Financial Statements

Note G – Long-term debt (Continued)

Financed purchases

Facility renovation obligation – In October 2020, the District entered into an agreement with Signature Public Funding Corp. in the amount of \$1,329,545 to finance energy performance contract improvements and measures consisting of a new LED lighting and infrastructure upgrades including building automation system. The agreement called for a term of 15 years with annual renewal options. Annual payments ranging from \$20,372 to \$144,429 are due on October 30th of each year, with a final payment due in 2035. The average interest rate over the term is 2.70%.

The agreement above contains a provision that, in the event of default, the lessor has the right, at its option and without any further demand or notice to one or more of the following remedies (a) with or without terminating the agreement, may declare all payments immediately due and payable (b) with our without terminating the agreement, may repossess any or all of the equipment by giving the District written notice to deliver such equipment in the manner provided in the agreement (c) if the lessor terminates the agreement, and, in its discretion, takes possession and disposes of any or all of the equipment, the lessor shall apply the proceeds of any such disposition to the pay the costs listed in the agreement (d) take any other remedy available, at law or in equity, with respect to such event of default, including those sounding mandamus, specific performance/enforcement, or otherwise requiring the District to perform any of its obligation or to pay any moneys due and payable to the lessor, and the District shall pay the actual reasonable attorneys’ fees and other costs and expenses incurred by the lessor in enforcing any remedy permitted (e) each of the foregoing remedies is cumulative and may be enforced separately or concurrently.

The following schedule represents the District’s debt service requirements to maturity for the outstanding long-term debt at year-end:

<u>Year Ending December 31,</u>	<u>Financed Purchases</u>		<u>Bonds Payable</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2025	\$ 67,099	\$ 30,472	\$ 210,000	\$ 49,600
2026	72,814	28,660	215,000	43,225
2027	78,839	26,694	220,000	36,700
2028	85,189	24,565	225,000	30,025
2029	91,879	22,265	235,000	23,125
2030-2034	572,814	70,156	490,000	19,800
2035-2036	159,946	4,854	-	-
Totals	<u>\$ 1,128,580</u>	<u>\$ 207,666</u>	<u>\$ 1,595,000</u>	<u>\$ 202,475</u>

HOLYOKE SCHOOL DISTRICT RE-1J
Notes to Financial Statements

Note H – Defined benefit pension plan

Summary of Significant Accounting Policies

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

General Information about the Pension Plan

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

Benefits provided as of December 31, 2023. PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. Section 24-51-602, 604, 1713, and 1714.

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

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

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

HOLYOKE SCHOOL DISTRICT RE-1J
Notes to Financial Statements

Note H – Defined benefit pension plan (Continued)

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

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

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

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

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

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

HOLYOKE SCHOOL DISTRICT RE-1J
Notes to Financial Statements

Note H – Defined benefit pension plan (Continued)

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

	July 1, 2023 Through <u>June 30, 2024</u>
Employer contribution rate	11.40%
Amount of employer contribution apportioned to the Health Care Trust Fund as specified in C.R.S. Section 24-51-208(1)(f)	<u>(1.02)%</u>
Amount apportioned to the SCHDTF	10.38%
Amortization Equalization Disbursement (AED) as specified in C.R.S. Section 24-51-411	4.50%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. Section 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. Section 24-51-101(42).

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from the District were \$804,908 for the year ended June 30, 2024.

For purposes of GASB 68 paragraph 15, a circumstance exists in which a nonemployer contributing entity is legally responsible for making contributions to the SCHDTF and is considered to meet the definition of a special funding situation. As specified in C.R.S. § 24-51-414, the State is required to contribute a \$225 million direct distribution each year to PERA starting on July 1, 2018. A portion of the direct distribution payment is allocated to the SCHDTF based on the proportionate amount of annual payroll of the SCHDTF to the total annual payroll of the SCHDTF, State Division Trust Fund, Judicial Division Trust Fund, and Denver Public Schools Division Trust Fund. The direct distribution from the State was suspended in 2020. To compensate PERA for the suspension, C.R.S. §§ 24-51-414(6-8) required restorative payment by providing an accelerated payment in 2022. In 2022, the

HOLYOKE SCHOOL DISTRICT RE-1J
Notes to Financial Statements

Note H – Defined benefit pension plan (Continued)

State Treasurer issued payment for the direct distribution of \$225 million plus an additional amount of \$380 million. Due to the advanced payment made in 2022, the State reduced the distribution in 2023 to \$35 million. Additionally, the newly added C.R.S. § 24-51-414(9) providing compensatory payment of \$14.561 million for 2023 only.

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

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

At year end, the District reported a liability of \$10,872,999 for its proportionate share of the net pension liability that reflected a reduction for support from the State as a nonemployer contributing entity. The amount recognized by the District as its proportionate share of the net pension liability, the related support from the State as a nonemployer contributing entity, and the total portion of the net pension liability that was associated with the District were as follows:

District’s proportionate share of the net pension liability	\$ 10,872,999
The State’s proportionate share of the net pension liability as a nonemployer contributing entity associated with the District	<u>238,413</u>
Total	<u>\$ 11,111,412</u>

At December 31, 2023, the District’s proportion was 0.0615%, which was an increase of 0.0169% from its proportion measured as of December 31, 2022.

For the year ended June 30, 2024, the District recognized pension expense of \$1,640,325 and revenue of \$18,165 for support from the State as a nonemployer contributing entity. At year-end, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

HOLYOKE SCHOOL DISTRICT RE-1J
Notes to Financial Statements

Note H – Defined benefit pension plan (Continued)

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 511,334	\$ -
Changes of assumptions or other inputs	-	-
Net difference between projected and actual earnings on pension plan investments	175,927	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	1,807,556	548,678
Contributions subsequent to the measurement date	<u>423,895</u>	<u>-</u>
Total	<u>\$ 2,918,712</u>	<u>\$ 548,678</u>

\$423,895 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the subsequent year. 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>Year Ended June 30,</u>	<u>Amount</u>
2025	\$ 400,608
2026	1,019,618
2027	743,238
2028	<u>(217,325)</u>
Totals	<u>\$ 1,946,139</u>

Actuarial assumptions. The total pension liability in the December 31, 2022 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

HOLYOKE SCHOOL DISTRICT RE-1J
Notes to Financial Statements

Note H – Defined benefit pension plan (Continued)

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

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

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

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

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

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

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

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

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

HOLYOKE SCHOOL DISTRICT RE-1J
Notes to Financial Statements

Note H – Defined benefit pension plan (Continued)

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

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

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>30 Year Expected Geometric Real Rate of Return</u>
Global Equity	54.00%	5.60%
Fixed Income	23.00%	1.30%
Private Equity	8.50%	7.10%
Real Estate	8.50%	4.40%
Alternatives	<u>6.00%</u>	4.70%
Total	<u>100.00%</u>	

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%.

HOLYOKE SCHOOL DISTRICT RE-1J
Notes to Financial Statements

Note H – Defined benefit pension plan (Continued)

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

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00%.
- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the scheduled increases in SB 18-200 and required adjustments resulting from the 2018 and 2020 AAP assessments. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the scheduled increase in SB 18-200 and required adjustments resulting from the 2018 and 2020 AAP assessments. Employer contributions also include current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103%, at which point the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions reflect reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- As specified in law, the State, as a nonemployer contributing entity, will provide an annual direct distribution of \$225 million commencing July 1, 2018, that is proportioned between the State, School, Judicial, and DPS Division Trust Funds based upon the covered payroll of each Division. The annual direct distribution ceases when all Division Trust Funds are fully funded.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial FNP, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the FNP and the subsequent AIR benefit payments were estimated and included in the projections.

HOLYOKE SCHOOL DISTRICT RE-1J
Notes to Financial Statements

Note H – Defined benefit pension plan (Continued)

- 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 projections test.

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

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	<u>\$ 14,539,009</u>	<u>\$ 10,872,999</u>	<u>\$ 7,815,991</u>

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.

Payables to the pension plan

The District did not report any payables to the pension plan at year-end.

HOLYOKE SCHOOL DISTRICT RE-1J
Notes to Financial Statements

Note I – Defined contribution pension plan

Voluntary Investment Program (PERAPlus 401(k) Plan)

Plan description - Employees of the District that are also members of the SCHDTF may voluntarily contribute to the Voluntary Investment Program (PERAPlus 401(k) Plan), an Internal Revenue Code Section 401(k) defined contribution plan administered by PERA. Title 24, Article 51, Part 14 of the C.R.S., as amended, assigns the authority to establish the Plan provisions to the PERA Board of Trustees. PERA issues a publicly available ACFR which includes additional information on the PERAPlus 401(k) Plan. That report can be obtained at www.copera.org/investments/pera-financial-reports.

Funding policy - The PERAPlus 401(k) Plan is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. The District does not offer matching contributions to its employees. Employees are immediately vested in their own contributions and investment earnings. For the year ended June 30, 2024, program members contributed \$50,689 for the PERAPlus 401(k) Plan.

Note J – Defined benefit other post-employment benefit (OPEB) plan

Summary of Significant Accounting Policies

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

General Information about the OPEB Plan

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

HOLYOKE SCHOOL DISTRICT RE-1J
Notes to Financial Statements

Note J – Defined benefit other post-employment benefit (OPEB) plan (Continued)

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

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

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

PERA Benefit Structure

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

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

HOLYOKE SCHOOL DISTRICT RE-1J
Notes to Financial Statements

Note J – Defined benefit other post-employment benefit (OPEB) plan (Continued)

assuming plan participants have both Medicare Part A and Part B and the difference in premium cost is paid by the HCTF or the DPS HCTF on behalf of benefit recipients not covered by Medicare Part A.

DPS Benefit Structure

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

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

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

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the District were \$40,285 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 year-end, the District reported a liability of \$262,539 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 used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2022. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2023. The District's proportion of the net OPEB liability was based on the District's contributions to the HCTF for the calendar year 2023 relative to the total contributions of participating employers to the HCTF.

At December 31, 2023, the District's proportion was 0.0368%, which was an increase of 0.0029% from its proportion measured as of December 31, 2022.

HOLYOKE SCHOOL DISTRICT RE-1J
Notes to Financial Statements

Note J – Defined benefit other post-employment benefit (OPEB) plan (Continued)

For the year ended June 30, 2024, the District recognized OPEB expense of \$(20,685). At year-end, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$ 50,227
Changes of assumptions or other inputs	2,850	25,812
Net difference between projected and actual earnings on OPEB plan investments	6,761	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	26,976	8,833
Contributions subsequent to the measurement date	<u>21,215</u>	<u>-</u>
Total	<u>\$ 57,802</u>	<u>\$ 84,872</u>

\$21,215 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ended June 30,</u>	<u>Amount</u>
2025	\$ (31,339)
2026	(12,868)
2027	(735)
2028	(6,341)
2029	1,452
2030	<u>1,546</u>
Total	<u>\$ (48,285)</u>

Actuarial assumptions. The total OPEB liability in the December 31, 2022 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs for the School Division:

HOLYOKE SCHOOL DISTRICT RE-1J
Notes to Financial Statements

Note J – Defined benefit other post-employment benefit (OPEB) plan (Continued)

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

¹ UnitedHealthcare MAPD PPO plans are 0% for 2023.

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

HOLYOKE SCHOOL DISTRICT RE-1J
Notes to Financial Statements

Note J – Defined benefit other post-employment benefit (OPEB) plan (Continued)

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

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

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

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

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

HOLYOKE SCHOOL DISTRICT RE-1J
Notes to Financial Statements

Note J – Defined benefit other post-employment benefit (OPEB) plan (Continued)

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

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

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

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

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

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

HOLYOKE SCHOOL DISTRICT RE-1J
Notes to Financial Statements

Note J – Defined benefit other post-employment benefit (OPEB) plan (Continued)

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

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

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

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

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

The following health care costs assumptions were updated and used in the roll-forward calculation for the HCTF:

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

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

HOLYOKE SCHOOL DISTRICT RE-1J
Notes to Financial Statements

Note J – Defined benefit other post-employment benefit (OPEB) plan (Continued)

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

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

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>30 Year Expected Geometric Real Rate of Return</u>
Global Equity	54.00%	5.60%
Fixed Income	23.00%	1.30%
Private Equity	8.50%	7.10%
Real Estate	8.50%	4.40%
Alternatives	<u>6.00%</u>	4.70%
Total	<u>100.00%</u>	

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%.

HOLYOKE SCHOOL DISTRICT RE-1J
Notes to Financial Statements

Note J – Defined benefit other post-employment benefit (OPEB) plan (Continued)

Sensitivity of the District's proportionate share of the net OPEB liability to changes in the Health Care Cost Trend Rates. The following presents the net OPEB liability using the current health care cost trend rates applicable to the PERA benefit structure, as well as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rates:

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Initial PERACare Medicare trend rate ¹	5.75%	6.75%	7.75%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	2.50%	3.50%	4.50%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability	\$ 255,003	\$ 262,539	\$ 270,735

¹For the January 1, 2024, plan year.

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

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2023, measurement date.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00%.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Estimated transfers of dollars into the HCTF representing a portion of purchase service agreements intended to cover the costs associated with OPEB benefits.
- Benefit payments and contributions were assumed to be made at the middle of the year.

HOLYOKE SCHOOL DISTRICT RE-1J
Notes to Financial Statements

Note J – Defined benefit other post-employment benefit (OPEB) plan (Continued)

- Beginning with the December 31, 2023 measurement date and thereafter, the FNP as of the current measurement date is used as a starting point for the GASB 74 projection test.
- As of the December 31, 2023, measurement date, the FNP and related disclosure components for the HCTF reflect payments related to the disaffiliation of Tri-County Health Department as a PERA-affiliated employer, effective December 31, 2022. As of the December 31, 2023, year-end, PERA recognized two additions for accounting and financial reporting purposes: a \$24 million payment received on December 4, 2023, and a \$2 million receivable. The employer disaffiliation payment and receivable allocations to the HCTF and Local Government Division Trust Fund were \$1.033 million and \$24.967 million, respectively.

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

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	\$ 310,091	\$ 262,539	\$ 221,858

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.

Payables to the OPEB plan

The District did not report any payables to the OPEB plan at year-end.

HOLYOKE SCHOOL DISTRICT RE-1J
Notes to Financial Statements

Note K – Risk management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District participates in the Colorado School Districts Self-Insurance Pool (the Pool). The Pool's objectives are to provide member school districts defined property and liability coverages through self-insurance and excess insurance purchased from commercial companies. The District pays an annual contribution to the Pool for its insurance coverages. The District's contribution for the year was \$120,536. The District continues to carry commercial insurance for all other risks of loss, including workers' compensation and employee health and accident insurance. 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 categories of risk.

Note L – Commitments and contingencies

TABOR Amendment

In November 1992, Colorado voters passed an amendment, commonly known as the Taxpayer's Bill of Rights (TABOR), to the State Constitution (Article X, Section 20) which limits the revenue raising and spending abilities of state and local governments. The limits on property taxes, revenue, and "fiscal year spending" include allowable annual increases tied to inflation and local growth in student enrollment. Fiscal year spending as defined by the amendment excludes spending from certain revenue and financing sources such as federal funds, gifts, property sales, fund transfers, damage awards, and fund reserves (balances). The amendment requires voter approval for any increase in mill levy or tax rates, new taxes, or creation of multi-year debt. Revenue earned in excess of the "spending limit" must be refunded or approved to be retained by the District under specified voting requirements by the entire electorate. On November 7, 1995, the voters of the District approved a ballot initiative permitting the District to retain, appropriate, and utilize, by retention for reserve, carryover fund balance, or expenditure, the full proceeds and revenues received from every source whatsoever, without limitation, in this fiscal year and all subsequent fiscal years notwithstanding any limitation of Article X, Section 20 of the Colorado Constitution. TABOR is complex and subject to judicial interpretation. The District believes it is in compliance with the requirements of TABOR. However, the District has made certain interpretations of TABOR's language in order to determine its compliance. The District has reserved funds in the General Fund in the amount of \$260,000 for the emergency reserve.

HOLYOKE SCHOOL DISTRICT RE-1J
Notes to Financial Statements

Note L – Commitments and contingencies (Continued)

Federal and state funding

The District receives revenues from various federal and state grant programs which are subject to final review and approval by the grantor agencies. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the District expects such amounts, if any, to be immaterial.

Note M – Joint venture

The District participates in the Northeast Colorado Board of Cooperative Educational Services (BOCES). This joint venture does not meet the criteria for inclusion within the reporting entity because the BOCES:

- is financially independent and responsible for its own financing deficits and entitled to its own surpluses,
- has a separate governing board from that of the District,
- has a separate management which is responsible for the day to day operations and is accountable to the separate board, governing board and management have the ability to significantly influence operations by approving budgetary requests and adjustments, signing contracts, hiring personnel, exercising control over facilities and determining the outcome or disposition of matters affecting the recipients of services provided, and
- has absolute authority over all funds and fiscal responsibility including budgetary responsibility and reporting to state agencies and controls fiscal management.

The District has one member on the board. This board has final authority for all budgeting and financing of the joint venture.

Separate financial statements of the Northeast Colorado Board of Educational Services are available by contacting their administrative office in Haxtun, Colorado.

For the year, the District's financial contribution was \$216,254.

HOLYOKE SCHOOL DISTRICT RE-1J
Notes to Financial Statements

Note N – Restatements of Beginning Balances

Changes within the financial reporting entity resulted restatements of beginning fund balances as follows:

	<u>Reporting Units Affected by Restatements of Beginning Balances</u>		
	<u>Bond Redemption Fund</u>	<u>Capital Reserve Capital Projects Fund</u>	<u>Other Governmental Funds</u>
June 30, 2023, as previously reported	\$ 274,461	\$ -	\$ 1,290,039
Change from major to nonmajor fund	(274,461)	-	274,461
Change from nonmajor to major	-	637,382	(637,382)
June 30, 2023 as restated	<u>\$ -</u>	<u>\$ 637,382</u>	<u>\$ 927,118</u>

Required Supplementary Information

Required supplementary information includes financial information and disclosures that are required by the Governmental Accounting Standards Board but are not considered a part of the basic financial statements. Such information includes:

- Budgetary Comparison Schedule – General Fund
- Schedule of the District’s Proportionate Share of the Net Pension Liability – PERA’s School Division Trust Fund
- Schedule of District Contributions – PERA’s School Division Trust Fund
- Schedule of the District’s Proportionate Share of the Net OPEB Liability – PERA’s Health Care Trust Fund
- Schedule of District Contributions – PERA’s Health Care Trust Fund

HOLYOKE SCHOOL DISTRICT RE-1J
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Local sources	\$ 3,187,675	\$ 3,473,004	\$ 4,806,447	\$ 1,333,443
Intermediate sources	150	150	699	549
State sources	5,009,069	5,033,608	5,210,252	176,644
Federal sources	205,331	646,975	606,957	(40,018)
Total revenues	8,402,225	9,153,737	10,624,355	1,470,618
Expenditures				
Instruction	5,287,208	5,686,356	5,832,313	(145,957)
Supporting services	3,055,017	3,239,156	3,436,203	(197,047)
Debt service				
Principal retirement			427,149	(427,149)
Interest and fiscal charges			45,870	(45,870)
Appropriated reserves	3,403,379	4,360,367		4,360,367
Total expenditures	11,745,604	13,285,879	9,741,535	3,544,344
Excess of revenues over (under) expenditures	(3,343,379)	(4,132,142)	882,820	5,014,962
Other financing sources (uses)				
Sale of assets			8,250	8,250
Transfers out	(60,000)	(60,000)	(435,000)	(375,000)
Total other financing sources (uses)	(60,000)	(60,000)	(426,750)	(366,750)
Net change in fund balance	\$ (3,403,379)	\$ (4,192,142)	456,070	\$ 4,648,212
Fund balance at beginning of year			4,192,142	
Fund balance at end of year			\$ 4,648,212	

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HOLYOKE SCHOOL DISTRICT RE-1J
Schedule of the District's Proportionate Share of the Net Pension Liability
PERA's School Division Trust Fund
June 30, 2024

	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>
District's proportion of the net pension liability	0.0615%	0.0446%	0.0519%	0.0582%
District's proportionate share of the net pension liability	\$ 10,872,999	\$ 8,115,500	\$ 6,042,719	\$ 8,801,506
State's proportionate share of the net pension liability	<u>238,413</u>	<u>2,364,938</u>	<u>692,721</u>	<u>-</u>
Total	<u>\$ 11,111,412</u>	<u>\$ 10,480,438</u>	<u>\$ 6,735,440</u>	<u>\$ 8,801,506</u>
District's covered payroll	\$ 4,064,834	\$ 3,438,264	\$ 3,245,152	\$ 3,114,766
District's proportionate share of the net pension liability as a percentage of its covered payroll	267.49%	236.03%	186.21%	282.57%
Plan fiduciary net position as a percentage of the total pension liability	64.74%	61.79%	74.86%	66.99%

* The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
0.0528%	0.0563%	0.0668%	0.0681%	0.0640%	0.0661%
\$ 7,887,913	\$ 9,962,439	\$ 21,613,573	\$ 20,279,630	\$ 9,786,087	\$ 8,957,133
<u>1,000,481</u>	<u>1,362,225</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 8,888,394</u>	<u>\$ 11,324,664</u>	<u>\$ 21,613,573</u>	<u>\$ 20,279,630</u>	<u>\$ 9,786,087</u>	<u>\$ 8,957,133</u>
\$ 3,102,808	\$ 3,093,052	\$ 3,083,233	\$ 3,056,996	\$ 2,788,460	\$ 2,768,609
254.22%	322.09%	701.00%	663.38%	350.95%	323.52%
64.52%	57.01%	43.96%	43.10%	59.20%	62.84%

HOLYOKE SCHOOL DISTRICT RE-1J
Schedule of District Contributions
PERA's School Division Trust Fund
June 30, 2024

	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Contractually required contribution	\$ 804,908	\$ 726,665	\$ 668,531	\$ 621,213
Contributions in relation to the contractually required contribution	<u>(804,908)</u>	<u>(726,665)</u>	<u>(668,531)</u>	<u>(621,213)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 3,949,493	\$ 3,565,567	\$ 3,362,825	\$ 3,124,777
Contributions as a percentage of covered payroll	20.38%	20.38%	19.88%	19.88%

<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
\$ 610,259	\$ 583,940	\$ 587,570	\$ 561,151	\$ 523,551	\$ 472,859
<u>(610,259)</u>	<u>(583,940)</u>	<u>(587,570)</u>	<u>(561,151)</u>	<u>(523,551)</u>	<u>(472,859)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 3,148,906	\$ 3,052,483	\$ 3,111,133	\$ 3,052,292	\$ 2,949,109	\$ 2,801,431
19.38%	19.13%	18.89%	18.38%	17.75%	16.88%

HOLYOKE SCHOOL DISTRICT RE-1J
Schedule of the District's Proportionate Share of the Net OPEB Liability¹
PERA's Health Care Trust Fund
June 30, 2024

	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>
District's proportion of the net OPEB liability	0.0368%	0.0339%	0.0339%	0.0337%
District's proportionate share of the net OPEB liability	\$ 262,539	\$ 276,642	\$ 292,348	\$ 320,058
District's covered payroll	\$ 4,064,834	\$ 3,438,264	\$ 3,245,152	\$ 3,114,766
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	6.46%	8.05%	9.01%	10.28%
Plan fiduciary net position as a percentage of the total OPEB liability	46.16%	38.57%	39.40%	32.78%

* The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

¹ Information is not available prior to June 30, 2017. In future reports, additional years will be added until 10 years of historical data are presented.

<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>
0.0345%	0.0366%	0.0380%	0.0387%
\$ 387,868	\$ 497,563	\$ 493,562	\$ 501,963
\$ 3,102,808	\$ 3,093,052	\$ 3,083,233	\$ 3,056,996
12.50%	16.09%	16.01%	16.42%
24.49%	17.03%	17.53%	16.72%

HOLYOKE SCHOOL DISTRICT RE-1J
Schedule of District Contributions¹
PERA's Health Care Trust Fund
June 30, 2024

	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Contractually required contribution	\$ 40,285	\$ 36,369	\$ 34,301	\$ 31,873
Contributions in relation to the contractually required contribution	<u>(40,285)</u>	<u>(36,369)</u>	<u>(34,301)</u>	<u>(31,873)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 3,949,493	\$ 3,565,567	\$ 3,362,825	\$ 3,124,777
Contributions as a percentage of covered payroll	1.02%	1.02%	1.02%	1.02%

¹ Information is not available prior to June 30, 2017. In future reports, additional years will be added until 10 years of historical data are presented.

<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>
\$ 32,119	\$ 31,135	\$ 31,734	\$ 31,133
<u>(32,119)</u>	<u>(31,135)</u>	<u>(31,734)</u>	<u>(31,133)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 3,148,906	\$ 3,052,483	\$ 3,111,133	\$ 3,052,292
1.02%	1.02%	1.02%	1.02%

HOLYOKE SCHOOL DISTRICT RE-1J
Notes to the Required Supplementary Information

Note A – Budgetary data

The 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 the following July 1. The budget includes proposed 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 as originally adopted and as amended by the board of education throughout the year. After budget approval, the District board of education may approve supplemental appropriations if an occurrence, condition, or need exists which was not known at the time the budget was adopted.
8. Appropriations lapse at year-end.

Note B – Factors affecting trends in amounts reported in the pension and OPEB schedules

Information about factors that significantly affect trends in the amounts reported in the Schedules of the District's Proportionate Share of the Net Pension and OPEB Liabilities and the Schedules of District Contributions is available in PERA's comprehensive annual financial report which can be obtained at www.copera.org/investments/pera-financial-reports.

Other Supplementary Information

Other supplementary information includes financial statements and schedules not required by the Governmental Accounting Standards Board, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

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Budgetary Comparison Schedules - General Fund

The General Fund accounts for all transactions of the District not required to be accounted for in other funds. This fund represents an accounting of the District's ordinary operations financed primarily from property and specific ownership taxes and state aid. It is the most significant fund in relation to the District's overall operations. The schedules of revenues and expenditures are included to provide a greater level of detail to the reader of the financial statements.

HOLYOKE SCHOOL DISTRICT RE-1J
General Fund
Budgetary Comparison Schedule - Revenues
For the Year Ended June 30, 2024

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
Revenues				
Local sources				
Property taxes	\$ 2,700,585	\$ 2,794,461	\$ 2,711,024	\$ (83,437)
Specific ownership taxes	305,660	373,113	343,449	(29,664)
Delinquent taxes and interest	7,200	7,200	6,173	(1,027)
Earnings on investments	10,000	50,000	88,982	38,982
Pupil activities	38,000	38,000	58,830	20,830
Services within the BOCES			478	478
Other local revenue	126,230	210,230	1,597,511	1,387,281
Total local sources	3,187,675	3,473,004	4,806,447	1,333,443
Intermediate sources	150	150	699	549
State sources				
Equalization	4,238,782	4,178,636	4,173,236	(5,400)
English language proficiency act	30,000	42,695	42,695	-
Transportation	50,000	51,171	56,382	5,211
State grants to libraries	4,500	4,500	6,734	2,234
School turnaround leaders development			22,425	22,425
Small rural schools funding	272,285	231,633	231,634	1
Additional at-risk funding			4,429	4,429
Career success pilot program		18,126	39,697	21,571
READ Act	20,000	13,971	13,971	-
New comer funding			15,000	15,000
State match for mill levy override		40,000	152,443	112,443
On behalf payment			18,165	18,165
Revenue from other agencies	104,937	194,627	215,135	20,508
Services within the BOCES	288,565	258,249	218,306	(39,943)
Total state sources	5,009,069	5,033,608	5,210,252	176,644
Federal sources				
Title I	119,604	119,604	121,042	1,438
Title II-A	19,094	19,094	19,228	134
ARP ESSER III (90% allocation)		90,318	88,707	(1,611)
Title IV-A	10,000	10,000	10,000	-
ESSER II curricula materials		28,144	25,763	(2,381)
Summer EBT			800	800
Revenue from other agencies		62,700	10,800	(51,900)
REAP	38,783	43,353	43,353	-
COPS grant		166,592	166,592	-
Services within the BOCES	17,850	107,170	120,672	13,502
Total federal sources	205,331	646,975	606,957	(40,018)
Total revenues	\$ 8,402,225	\$ 9,153,737	\$ 10,624,355	\$ 1,470,618

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HOLYOKE SCHOOL DISTRICT RE-1J
General Fund
Budgetary Comparison Schedule - Expenditures
For the Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Expenditures				
Instruction				
Salaries	\$ 2,766,379	\$ 2,883,569	\$ 2,960,831	\$ (77,262)
Employee benefits	1,142,805	1,104,069	1,403,540	(299,471)
Purchased services	378,999	380,374	477,101	(96,727)
Supplies and materials	113,075	209,133	217,724	(8,591)
Property	118,700	350,292	126,089	224,203
Other	767,250	758,919	647,028	111,891
Total instruction	5,287,208	5,686,356	5,832,313	(145,957)
Supporting services				
Students				
Salaries	200,786	190,085	180,871	9,214
Employee benefits	78,054	75,346	98,824	(23,478)
Purchased services	500			-
Supplies and materials	7,800	2,400	1,701	699
Total students	287,140	267,831	281,396	(13,565)
Instructional staff				
Salaries	23,500	27,500	33,809	(6,309)
Employee benefits	5,370	4,570	15,547	(10,977)
Purchased services	44,551	52,353	51,279	1,074
Supplies and materials	12,165	12,000	19,867	(7,867)
Property		12,200		12,200
Other	40,130	72,000	113,159	(41,159)
Total instructional staff	125,716	180,623	233,661	(53,038)
General administration				
Salaries	154,560	159,197	161,809	(2,612)
Employee benefits	79,325	80,130	107,217	(27,087)
Purchased services	126,109	125,009	95,766	29,243
Supplies and materials	10,750	9,000	9,610	(610)
Property	500			-
Other	20,000	22,000	18,569	3,431
Total general administration	391,244	395,336	392,971	2,365

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
School administration				
Salaries	350,900	376,365	365,063	11,302
Employee benefits	130,960	146,031	186,749	(40,718)
Purchased services	2,400		1,949	(1,949)
Supplies and materials	5,050	5,000	3,228	1,772
Property	1,000			-
Other	2,600		1,419	(1,419)
Total school administration	492,910	527,396	558,408	(31,012)
Business services				
Salaries	131,250	135,188	135,284	(96)
Employee benefits	41,886	43,197	57,870	(14,673)
Purchased services	250			-
Supplies and materials	5,000	5,000	3,969	1,031
Property	3,500	3,500		3,500
Other	450		2,255	(2,255)
Total business services	182,336	186,885	199,378	(12,493)
Operations and maintenance				
Salaries	307,350	306,955	276,051	30,904
Employee benefits	160,988	154,537	172,335	(17,798)
Purchased services	230,750	257,000	274,120	(17,120)
Supplies and materials	188,700	201,700	130,763	70,937
Property	5,000	3,500	231,070	(227,570)
Other	1,500		405	(405)
Total operations and maintenance	894,288	923,692	1,084,744	(161,052)
Student transportation				
Salaries	139,790	146,316	141,087	5,229
Employee benefits	31,800	32,862	50,919	(18,057)
Purchased services	78,200	144,500	68,699	75,801
Supplies and materials	89,000	88,500	56,040	32,460
Property	1,500			-
Other	100		574	(574)
Total student transportation	340,390	412,178	317,319	94,859

(continued)

HOLYOKE SCHOOL DISTRICT RE-1J
General Fund
Budgetary Comparison Schedule - Expenditures
For the Year Ended June 30, 2024

(continued)	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Central support services				
Salaries	123,380	127,810	127,433	377
Employee benefits	49,311	50,419	68,024	(17,605)
Purchased services	151,452	146,538	150,829	(4,291)
Supplies and materials	10,500	13,000	4,424	8,576
Property	5,000	5,000	3,478	1,522
Other	1,350		14,138	(14,138)
Total central support services	340,993	342,767	368,326	(25,559)
Other support services				
Other		2,448		2,448
Total supporting services	3,055,017	3,239,156	3,436,203	(197,047)
Debt service				
Principal retirement			427,149	(427,149)
Interest and fiscal charges			45,870	(45,870)
Total debt service	-	-	473,019	(473,019)
Appropriated reserves	3,403,379	4,360,367		4,360,367
Total expenditures	<u>\$ 11,745,604</u>	<u>\$ 13,285,879</u>	<u>\$ 9,741,535</u>	<u>\$ 3,544,344</u>

Budgetary Comparison Schedules – Nonmajor Governmental Funds

The District reports the following nonmajor governmental fund:

Special Revenue Funds – These funds account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

- Food Service Fund – This fund is used to record financial transactions related to the District’s food service operations.
- Pupil Activity Fund – This fund is used to record transactions related to school-sponsored pupil organizations and activities.
- Scholarship Fund – This fund is used to account for the financial transactions related to the administration of scholarships that are awarded to students.

Debt Service Fund – These funds account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

- Bond Redemption Fund – The revenues from a tax levy for the purpose of satisfying bonded indebtedness obligations, both principal and interest and related expenditures, shall be recorded in this fund.

Capital Projects Fund – These funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities.

- Building Fund – This fund is a capital projects fund used to account for the revenues from a bond issuance and BEST grant funds for the purpose of the acquisition or construction of major capital facilities.

HOLYOKE SCHOOL DISTRICT RE-1J
Nonmajor Governmental Funds
Combining Balance Sheet
For the Year Ended June 30, 2024

	Food Service Fund	Pupil Activity Fund	Scholarship Fund	Bond Redemption Fund
Assets				
Cash	\$ 188,158	\$ 256,869	\$ 28,403	
Cash with fiscal agent				\$ 324,103
Due from other funds	11,622			
Property taxes receivable				21,256
Grants receivable	51,769			
Other receivables	1,335			
Inventory	10,384			
Total assets	\$ 263,268	\$ 256,869	\$ 28,403	\$ 345,359
Liabilities				
Due to other funds				\$ 37,440
Accounts payable	\$ 22,281	\$ 19,186		
Unearned revenue	7,246			
Total liabilities	29,527	19,186	\$ -	37,440
Deferred inflows of resources				
Deferred property tax revenues				14,402
Total deferred inflows of resources	-	-	-	14,402
Fund balance				
Nonspendable inventory	10,384			
Restricted for:				
Food service operations	223,357			
Scholarships			28,403	
Debt service				293,517
Capital projects				
Committed to:				
Pupil activities		237,683		
Total fund balance	233,741	237,683	28,403	293,517
Total liabilities, deferred inflows of resources and fund balance	\$ 263,268	\$ 256,869	\$ 28,403	\$ 345,359

Building Fund	Totals
\$ 28,347	\$ 501,777
	324,103
7,000	18,622
	21,256
	51,769
	1,335
	10,384
<u>\$ 35,347</u>	<u>\$ 929,246</u>
\$ 15,505	\$ 52,945
	41,467
	7,246
15,505	101,658
	14,402
-	14,402
	10,384
	223,357
	28,403
	293,517
19,842	19,842
	237,683
<u>19,842</u>	<u>813,186</u>
<u>\$ 35,347</u>	<u>\$ 929,246</u>

HOLYOKE SCHOOL DISTRICT RE-1J

Nonmajor Governmental Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balance

For the Year Ended June 30, 2024

	Food Service Fund	Pupil Activity Fund	Scholarship Fund	(Formerly Major Fund) Bond Redemption Fund
Revenues				
Local sources	\$ 28,164	\$ 352,909	\$ 27,536	\$ 275,706
State sources	72,316			
Federal sources	267,894			
Total revenues	368,374	352,909	27,536	275,706
Expenditures				
Instruction		323,097	28,885	
Supporting services	421,570			
Capital outlay				
Debt service				
Principal				200,000
Interest and fiscal charges				56,650
Total expenditures	421,570	323,097	28,885	256,650
Net change in fund balance	(53,196)	29,812	(1,349)	19,056
Fund balance at beginning of year, as previously reported	286,937	207,871	29,752	-
Adjustment - changes between major and non major funds				274,461
Fund balance at beginning of year, as adjusted	286,937	207,871	29,752	274,461
Fund balance at end of year	<u>\$ 233,741</u>	<u>\$ 237,683</u>	<u>\$ 28,403</u>	<u>\$ 293,517</u>

Building Fund	(Formerly Nonmajor Fund) Capital Reserve Capital Projects Fund	Totals
		\$ 684,315
		72,316
		267,894
\$ -	\$ -	1,024,525
		351,982
		421,570
108,255		108,255
		200,000
		56,650
108,255	-	1,138,457
(108,255)	-	(113,932)
128,097	637,382	1,290,039
	(637,382)	(362,921)
128,097	-	927,118
<u>\$ 19,842</u>	<u>\$ -</u>	<u>\$ 813,186</u>

HOLYOKE SCHOOL DISTRICT RE-1J
Food Service Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Local sources	\$ 70,265	\$ 70,265	\$ 28,164	\$ (42,101)
State sources	3,300	3,300	72,316	69,016
Federal sources	166,336	181,857	267,894	86,037
Total revenues	239,901	255,422	368,374	112,952
Expenditures				
Supporting services				
Purchased services	158,851	158,851	173,662	(14,811)
Supplies and materials	116,227	131,748	150,870	(19,122)
Property			95,786	(95,786)
Other	3,000	3,000	1,252	1,748
Appropriated reserves	187,255	248,760		248,760
Total expenditures	465,333	542,359	421,570	120,789
Net change in fund balance	\$ (225,432)	\$ (286,937)	(53,196)	\$ 233,741
Fund balance at beginning of year			286,937	
Fund balance at end of year			\$ 233,741	

HOLYOKE SCHOOL DISTRICT RE-1J
Pupil Activity Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Local sources	\$ 267,000	\$ 267,000	\$ 352,909	\$ 85,909
Expenditures				
Instruction				
Purchased services	56,000	56,000	70,051	(14,051)
Supplies and materials	145,000	145,000	145,098	(98)
Property	6,000	6,000	5,644	356
Other	60,000	60,000	102,304	(42,304)
Appropriated reserves	163,086	207,871		207,871
Total expenditures	430,086	474,871	323,097	151,774
Net change in fund balance	\$ (163,086)	\$ (207,871)	29,812	\$ 237,683
Fund balance at beginning of year			207,871	
Fund balance at end of year			\$ 237,683	

HOLYOKE SCHOOL DISTRICT RE-1J
Scholarship Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Local sources				
Earnings on investments			\$ 36	\$ 36
Contributions	\$ 28,000	\$ 28,000	27,500	(500)
Total revenues	28,000	28,000	27,536	(464)
Expenditures				
Instruction				
Other	28,000	28,000	28,885	(885)
Appropriated reserves	29,949	29,752		29,752
Total expenditures	57,949	57,752	28,885	28,867
Net change in fund balance	\$ (29,949)	\$ (29,752)	(1,349)	\$ 28,403
Fund balance at beginning of year			29,752	
Fund balance at end of year			\$ 28,403	

HOLYOKE SCHOOL DISTRICT RE-1J
Bond Redemption Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Local sources				
Property taxes	\$ 262,910	\$ 272,049	\$ 262,955	\$ (9,094)
Delinquent taxes and interest	500	500	600	100
Earnings on investments	3,000	3,000	12,151	9,151
Total revenues	266,410	275,549	275,706	157
Expenditures				
Debt service				
Principal retirement	200,000	200,000	200,000	-
Interest and fiscal charges	59,750	59,750	56,650	3,100
Appropriated reserves	274,246	290,260		290,260
Total expenditures	533,996	550,010	256,650	293,360
Net change in fund balance	\$ (267,586)	\$ (274,461)	19,056	\$ 293,517
Fund balance at beginning of year			274,461	
Fund balance at end of year			\$ 293,517	

HOLYOKE SCHOOL DISTRICT RE-1J
Building Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
State sources	\$ -	\$ 18,356	\$ -	\$ (18,356)
Expenditures				
Capital outlay				
Property	50,000	50,000	108,255	(58,255)
Appropriated reserves	92,034	96,453		96,453
Total expenditures	142,034	146,453	108,255	38,198
Net change in fund balance	\$ (142,034)	\$ (128,097)	(108,255)	\$ 19,842
Fund balance at beginning of year			128,097	
Fund balance at end of year			\$ 19,842	

Budgetary Comparison Schedule – Capital Projects Fund

The District reports the following major capital projects fund:

Capital Projects Fund – These funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities.

- Capital Reserve Capital Projects Fund – This fund was established to account for and report financial resources that have been designated for capital outlays acquisition or construction of major capital facilities and other capital assets.

HOLYOKE SCHOOL DISTRICT RE-1J
Capital Reserve Capital Projects Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Local sources	\$ -	\$ -	\$ -	\$ -
Expenditures				
Capital outlay				
Property		172,900	172,900	-
Appropriated reserves	355,710	524,482		524,482
Total expenditures	355,710	697,382	172,900	524,482
Excess of revenues over (under) expenditures	(355,710)	(697,382)	(172,900)	(524,482)
Other financing sources				
Transfers in	60,000	60,000	435,000	375,000
Net change in fund balance	\$ (295,710)	\$ (637,382)	262,100	\$ 899,482
Fund balance at beginning of year			637,382	
Fund balance at end of year			\$ 899,482	

Single Audit Section

The Single Audit Section contains the following:

- Schedule of Expenditures of Federal Awards
- Notes to Schedule of Expenditures of Federal Awards
- Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*
- Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance
- Schedule of Findings and Questioned Costs

HOLYOKE SCHOOL DISTRICT RE-1J
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2024

Federal Grantor / Pass-through Grantor / Program or Cluster Title	Federal AL Number	Pass-through Entity Identifying Number	Federal Expenditures
U.S. Department of Justice			
Public Safety Partnership and Community Policing Grants	16.710	N/A	\$ 166,592
Total U.S. Department of Justice			166,592
U.S. Department of Agriculture			
Child Nutrition Cluster			
Pass-through program from:			
Colorado Department of Human Services Donated Commodities	10.555	4555	19,089
Colorado Department of Education School Breakfast Program	10.553	4553	55,986
National School Lunch Program	10.555	4555	128,076
National School Lunch Program	10.555	6555	15,521
Summer Food Service Program for Children	10.559	4559	29,754
Fresh Fruit and Vegetable Program	10.582	4582	19,468
Total AL Number 10.555			162,686
Total Child Nutrition Cluster			267,894
Pass-through program from:			
Colorado Department of Education: Summer Electronic Benefit Transfer Program for Children	10.646	4646	800
Total U.S. Department of Agriculture			268,694

See accompanying Notes to Schedule of Expenditures of Federal Awards.

HOLYOKE SCHOOL DISTRICT RE-1J
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2024

Federal Grantor / Pass-through Grantor / Program or Cluster Title	Federal AL Number	Pass-through Entity Identifying Number	Federal Expenditures
U.S. Department of Education			
Rural Education	84.358	N/A	43,353
Pass-through programs from:			
Colorado Department of Education:			
Title I Grants to local Educational Agencies	84.010	4010	121,042
Supporting Effective Instruction State Grants	84.367	4367	19,228
Student Support and Academic Enrichment Program	84.424A	4424	10,000
COVID-19 Education Stabilization Fund	84.425U	4414	88,707
COVID-19 Education Stabilization Fund	84.425D	4450	<u>25,763</u>
Total U.S. Department of Education			308,093
U.S. Department of Health and Human Services			
Pass through program from Colorado Department of Human Services:			
Child Care and Development Block Grant	93.575	7575	<u>10,800</u>
Total U.S. Department of Health and Human Services			<u>10,800</u>
Total expenditures of federal awards			<u><u>\$ 754,179</u></u>

HOLYOKE SCHOOL DISTRICT RE-1J
Notes to Schedule of Expenditures of Federal Awards

Note A – Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Holyoke School District RE-1J under programs of the federal government for the year ended June 30, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR), *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Holyoke School District RE-1J, it is not intended to and does not present the financial position, changes in net position, or cash flows of Holyoke School District RE-1J.

Note B – Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of, the financial statement(s) of the federal program. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note C – Indirect Cost Rate

Holyoke School District RE-1J has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

Note D – Subrecipients

Holyoke School District RE-1J did not pass through any federal grants to subrecipients.

Note E – Nonmonetary assistance

Federal nonmonetary assistance is reported in the Schedule at the fair value of the items received and disbursed during the year. Holyoke School District RE-1J received nonmonetary assistance for the year as follows:

AL No. 10.555	National School Lunch Program	\$ <u>19,089</u>
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**Independent Auditors' Report on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

Board of Education
Holyoke School District RE-1J
Holyoke, Colorado

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Holyoke School District RE-1J (the District), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 7, 2024.

Report on Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Lauer, Szabo & Associates, P.C.

Sterling, Colorado
December 7, 2024



**Independent Auditors' Report on Compliance for Each Major Program
and on Internal Control Over Compliance Required by the Uniform Guidance**

Board of Education
Holyoke School District RE-1J
Holyoke, Colorado

Report on Compliance of Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Holyoke School District RE-1J's (the District) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2024. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the District's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgement made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

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

Lauer, Szabo & Associates, P.C.

Sterling, Colorado
December 7, 2024

HOLYOKE SCHOOL DISTRICT RE-1J
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2024

Summary of audit results

1. The auditors' report expresses an unmodified opinion on the basic financial statements of the Holyoke School District RE-1J (the District).
2. No significant deficiencies relating to the audit of the basic financial statements are reported in the Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the basic financial statements of the District were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award programs are reported in the Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance.
5. The auditors' report on compliance for the major federal award programs for the District expresses an unmodified opinion on all major federal programs.
6. The audit did not disclose any findings relative to the major federal award programs of the District.
7. The programs tested as major were:

Public Safety Partnership and Community Policing Grants	AL No. 16.710
Child Nutrition Cluster	AL Nos. 10.553, 10.555, 10.559 and 10.582
8. The threshold for distinguishing Type A and B programs was \$750,000.
9. The District did not qualify as a low-risk auditee.

Findings - Financial statement audit

We noted no findings that are required to be reported under *Government Auditing Standards*.

Findings and Questioned Costs

We noted no findings or questioned costs that are required to be reported in accordance with the Uniform Guidance.

**Colorado Department of Education
Supplementary Schedule**

Auditors' integrity report – This fiscal-year report is required by the Colorado Department of Education to maintain statewide consistency in financial reporting. This report is also used to gather financial data that could affect future state funding.

Colorado Department of Education
Auditors Integrity Report
 District: 2620 - Holyoke Re-1J
 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	4,192,142		10,197,606	9,741,535		4,648,212
18 Risk Mgmt Sub-Fund of General Fund	0		0	0		0
19 Colorado Preschool Program Fund	0		0	0		0
Sub-Total	4,192,142		10,197,606	9,741,535		4,648,212
11 Charter School Fund	0		0	0		0
20.26-29 Special Revenue Fund	29,752		27,536	28,885		28,403
06 Supplemental Cap Const. Tech. Main. Fund	0		0	0		0
07 Total Program Reserve Fund	0		0	0		0
21 Food Service Spec Revenue Fund	286,937		368,374	421,570		233,741
22 Govt Designated-Purpose Grants Fund	0		0	0		0
23 Pupil Activity Special Revenue Fund	207,871		352,910	323,098		237,683
25 Transportation Fund	0		0	0		0
31 Bond Redemption Fund	274,461		275,706	256,650		293,517
39 Certificate of Participation (COP) Debt Service Fund	0		0	0		0
41 Building Fund	128,097		0	108,255		19,842
42 Special Building Fund	0		0	0		0
43 Capital Reserve Capital Projects Fund	637,382		435,000	172,900		899,482
46 Supplemental Cap Const. Tech. Main Fund	0		0	0		0
Totals	5,756,642		11,657,131	11,052,893		6,360,881
Proprietary						
50 Other Enterprise Funds	0		0	0		0
64 (63) Risk-Related Activity Fund	0		0	0		0
60.65-69 Other Internal Service Funds	0		0	0		0
Totals	0		0	0		0
Fiduciary						
70 Other Trust and Agency Funds	0		0	0		0
72 Private Purpose Trust Fund	0		0	0		0
73 Agency Fund	0		0	0		0
74 Pupil Activity Agency Fund	0		0	0		0
79 GASB 34/Permanent Fund	0		0	0		0
85 Foundations	0		0	0		0
Totals	0		0	0		0

FINAL