

CALHAN SCHOOL DISTRICT RJ-1
Management's Discussion and Analysis
Year Ending June 30, 2025

As management of Calhan School District RJ-1 we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ending June 30, 2025. We encourage readers to consider the information presented here in conjunction with the information furnished in our financial statements.

Financial Highlights

- The net position of the District decreased by \$800,082 to \$1,522,53.
- The District's governmental funds reported unassigned fund balances of \$1,282,594 in the General Fund, a committed fund balance for capital projects in the Capital Reserve Fund of \$187,439.
- The general fund showed an increase of \$348,263 , the capital reserve fund increased \$28,459, the food service fund increased \$31,039, the student activity fund decreased \$9814, the building fund decreased \$9169,902, the bond fund increased \$43,284.
- There were no new funds added this year.

Overview of the Financial Statements

The annual audit report has four parts: 1) the management's discussion and analysis, 2) the basic financial statements, 3) required supplementary and other information, and 4) auditor's financial data integrity (CDE form).

The management's discussion and analysis is a general statement about the annual audit report prepared by the superintendent of schools. The intent is to report only the most relevant financial information about Calhan School District RJ-1.

The basic financial statements report the combined government-wide finances, individual government funds, special revenue funds, and provide financial commentary. For Calhan School District, government funds include general operations, capital reserve and bond redemption funds. Calhan also has one special revenue fund (pupil activity account.)

The next section is for both required supplementary and other information. This section provides additional explanations and supports the information in the basic financial statements.

The auditor's financial data integrity is a form required by the Colorado Department of Education for their automated data exchange system. It shows the total financial transactions for all funds.

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Government-Wide Financial Statements

These statements report information about the District as a whole using accounting methods similar to those methods used by private sector companies.

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

The statement of activities presents information showing how the District's net position changed. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

The government-wide statements are divided into two categories:

Governmental activities – all of the District's basic services are included, such as instruction, administration, operation of the buildings and grounds, and pupil transportation. Property taxes, state and federal subsidies, and grants finance these activities.

Fund Financial Statements

These statements provide detailed information about the most significant funds, not the District as a whole. Some funds are required by state law and bond requirements.

Governmental Funds are where most of the District's activities are reported, the focus is on the determination of financial position and change in financial position, not income determination. They are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's operations and services. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance District programs. The relationship (or differences) between governmental activities (reported in the Statement of Net position and the Statement of Activities) and the governmental funds is reconciled in the financial statements.

Special revenue funds act as a trustee for student activities. These activities are excluded from the District's other financial statements because the District cannot use these assets to finance its operations.

The notes to the financial statements provide additional information that is essential to

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a full understanding of the data provided in the government-wide and fund financial statements.

Other information in addition to the basic financial statements and accompanying notes is presented in the form of certain required supplementary information for budgetary comparison.

The net position of the District decreased by \$800,082. Most of the governmental activities were financed by taxpayers through state equalization payments and local property taxes.

Financial Analysis of the District's Funds

The General Fund is the chief operating fund of the District. At the end of the current fiscal year, the unassigned fund balance is \$1,282,594. As a measure of liquidity, it may be useful to compare both the unassigned fund balance to total fund expenditures. Unassigned fund balance represents 16% of total general fund expenditures.

The committed fund balance in the Capital Projects Fund is \$187,439. The Food Service Fund and the Student Activity Special Revenue Funds have assigned balances of \$162,980 and \$87,578 respectively. Food Service has a nonspendable fund balance of \$6,839 for its inventory.

The district passed a bond in November 2022 for \$7,500,000 to build a Career Tech addition to the school. The fund balance for the Bond Redemption Fund is \$440,577, the CTE Building Fund balance is \$12,142.

Capital Assets and Debt Administration

As of June 30, 2025, the District had \$8,113,887 invested in capital assets (net of accumulated depreciation). This was a decrease of \$1 in net capital assets, net of depreciation expense.

The major fixed assets purchases in the current year was Gym equip for \$6,029, a Skid steer for \$35,900, a tilt trailer for \$7,660, a freezer for the cafeteria kitchen for \$11,633, and new asphalt for the parking lot for \$24,700.

Long Term Debt

The District debt consists of the net pension liability of \$8,623,799 and the bond liability of \$7,630,455 and the bond premium of \$584,378.

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Major Fund Budgetary Highlights

The District approves the original budget in June based on enrollment projections for the following school year. In October, after funded pupil counts are refined, necessary budget adjustments are made.

Colorado statutes permit transferring budgeted amounts from one object or purpose to another within the same fund. Board policy allows management to transfer budgets between objects or purposes without obtaining authorization from the Board.

Economic Factors and Next Year's Budgets and Rates

Enrollment has gradually declined over the past 20 years with no significant growth expected in the near future. The District has successfully integrated its new Career and Technical Education facility and programs into operations. Concerning facility capacity, the acquisition of an additional local property which provides 10 classrooms, and the completed addition to the existing building which provides an additional 6 classrooms and career and technical facilities, appear to meet the District's needs. The need for the facility with 10 additional classrooms is currently in question. The Board of Education and the Superintendent must determine whether this is a priority for the future. The route bus fleet has been replaced, so transportation infrastructure is adequate through 2029. While enrollment growth is not anticipated, the District must examine current staffing levels and adequate supplies and curricular materials to support existing programs. The continued operation of career and technical education programs will require ongoing costs for program-specific supplies and equipment. Finally, staff compensation must keep pace with market forces to retain employees.

Additional Financial Information

The "Management's Discussion and Analysis" report is designed to provide a general overview of the District's finances with comments and predictions made by the District's superintendent. For additional information, contact the Calhan School District Office (719) 347-2541.