

**EL PASO COUNTY SCHOOL DISTRICT #22**

FINANCIAL STATEMENTS  
With Independent Auditors' Report

Year Ended June 30, 2025

**EL PASO COUNTY SCHOOL DISTRICT #22**  
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**INDEPENDENT AUDITORS' REPORT**

To the Board of Education  
El Paso County School District #22

***Unmodified and Disclaimer of Opinions***

We have audited the accompanying financial statements of the Debt Service Fund and we were engaged to audit the Governmental Activities, General Fund, and Aggregate Remaining Fund Information of El Paso County School District #22, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the El Paso County School District #22's basic financial statements as listed in the table of contents.

***Summary of Opinions***

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental Activities	Disclaimer
General Fund	Disclaimer
Debt Service Fund	Unmodified
Aggregate Remaining Fund Information	Disclaimer

***Disclaimer of Opinion on the Governmental Activities, General Fund, and Aggregate Remaining Fund Information***

We do not express an opinion on the financial statements of the Governmental Activities, General Fund, and the Aggregate Remaining Fund Information of El Paso County School District #22. Because of the significance of the matter described in the Basis for Disclaimer of Opinion on the Governmental Activities, General Fund, and the Aggregate Remaining Fund Information section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements of the Governmental Activities, General Fund, and the Aggregate Remaining Fund Information.

***Unmodified Opinion on Debt Service Fund***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Debt Service Fund of El Paso County School District #22, as of June 30, 2025, 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 Disclaimer of Opinion on the Governmental Activities, General Fund, and Aggregate Remaining Fund Information***

Because of inadequacies in El Paso County School District #22's accounting records, we were unable to form opinions on the Governmental Activities, General Fund, and the Aggregate Remaining Fund Information because of unsubstantiated amounts recorded as revenues and expenses in the accompanying Statement of Activities of Governmental Activities and unsubstantiated amounts recorded as revenues and expenditures in the accompanying Statement of Revenues, Expenditures, and Changes in Fund Balances of the General Fund and Aggregate Remaining Fund Information.

### ***Basis for Unmodified Opinion***

We conducted our audit of the financial statements of the Debt Service Fund in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of El Paso County School District #22, 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 unmodified audit opinion.

### ***Responsibilities of Management for the Financial Statements***

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the El Paso County School District #22's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

#### ***Auditor's Responsibilities for the Audit of the Governmental Activities, General Fund, and Aggregate Remaining Fund Information***

Our responsibility is to conduct an audit of El Paso County School District #22's financial statements in accordance with generally accepted auditing standards and to issue an auditor's report. However, because of the matter described in the Basis for Disclaimer of Opinion on the Governmental Activities, General Fund, and Aggregate Remaining Fund Information section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements of the Governmental Activities, General Fund, and Aggregate Remaining Fund Information.

We are required to be independent of El Paso County School District #22 and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit.

#### ***Auditor's Responsibilities for the Audit of the Debt Service Fund***

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of El Paso County School District #22'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 El Paso County School District #22'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.

### ***Other Matters***

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the El Paso County School District #22's basic financial statements. The accompanying combining and individual fund statements and schedules 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 combining and individual fund statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*Hoelting & Company Inc.*

Colorado Springs, Colorado  
March 19, 2026

**MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)**  
**Required Supplementary Information (RSI) June 30, 2025.**

The management of El Paso County School District # 22 (the “District”) offers you, the readers of this Annual Financial Report, this narrative and analysis of the financial activities of the district for the fiscal year ended June 30, 2025. The intent of this discussion and analysis is to look at the district’s financial performance. Readers should also review the financial statements, financial statement footnotes, budgetary comparison schedules, and additional supplementary information to broaden their understanding of the district’s financial performance.

**Using Basic Financial Statements**

This discussion and analysis serve as an introduction to the district’s basic financial statements. The district’s 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 Financial Statements**

The government-wide financial statements are designed to provide readers with a broad overview of the district’s finances, in a manner similar to a private-sector business. They consist of two statements:

The **statement of net position** presents information on all the district’s assets, liabilities, and deferred inflows/outflows of resources with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of changes in the financial position of the district. Current and previous year’s information is presented for comparison.

The **statement of activities** presents information reporting how the district’s net position changed during fiscal year 2025. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods. Earned but unused vacation leave and uncollected taxes are examples of these types of items.

The governmental activities of the district include instruction, pupil activities, instructional support, general and school administration, business and central services, food service and transportation.

**Governmental Activities** – The majority of the district’s programs and services are reported here including instruction, support services, operations and maintenance of plant, pupil transportation, food service and extracurricular activities.

## District-Wide Financial Analysis

The following table provides a summary of the district's net position as of June 30, 2024 and 2025:

Statement of Net Position 2024-25		
Assets		
	2024-25	2023-24
Current Assets	3,778,463	2,275,660
Capital Assets	34,098,102	35,186,890
<b>Total Assets</b>	<b>37,876,565</b>	<b>37,462,550</b>
Deferred Outflows of Resources	4,374,144	5,237,727
Liabilities		
Current Liabilities	1,724,238	1,884,881
Long Term Liabilities	5,736,369	6,156,383
Net Pension and OPEB Liabilities	19,919,454	19,182,672
<b>Total Liabilities</b>	<b>27,380,061</b>	<b>27,223,936</b>
Deferred Inflows of Resources	343,075	1,715,953
Net Position		
Net Investment in Capital Assets	28,517,847	29,289,590
Restricted	1,744,898	1,423,593
Unrestricted	(15,735,172)	(16,772,795)
<b>Total Net Position</b>	<b>14,527,573</b>	<b>13,940,388</b>

The below table provides a summary of the district's activity to include revenues, expenses and change in net position as of June 30, 2025:

Statement of Activities

	2024-25	2023-24
<b>Revenues</b>		
Program Revenues		
Charges for Services	511,761	360,695
Operating Grants/Contributions	2,995,772	2,842,630
Capital Grants/Contributions	-	-
General Revenues		
Local Prop/SOT Taxes	2,077,243	1,729,851
State Equalization	9,951,818	8,943,282
Grants and Contributions not restricted to Specific Programs	233,457	256,130
Investment Earnings	85,192	140,150
Miscellaneous	-	589
Special Source Sale of Capital Asset	1,200,000	-
Total Revenues:	17,055,243	14,273,327
<b>Expenses and Change in Net Assets</b>		
Instruction	9,629,196	8,952,118
Supporting Services	5,856,659	5,801,367
Food Services	763,633	816,610
Facilities Acquisitions/Construction		234,466
Interest and Fiscal Charges	218,570	232,361
Total Expenses:	16,468,058	16,036,922
Change in Net Position	587,185	(1,763,595)
Beginning Net Position	13,940,388	15,703,983
Ending Net Position	14,527,573	13,940,388

As of June 30, 2025, the District's governmental funds reported a combined fund balance of \$2,011,997 compared to June 30, 2024 of \$(256,091), which is an increase of \$2,268,088 this is contributed to the general funds increase in activities during the fiscal year, for example state equalization increase due to student enrollment increase.

**General Fund:** Overall inflows exceeded the final budget in the General Fund by \$2,998,364. The overall outflows were over the final budget in the amount of \$1,204,780, which was covered by the overage in the revenues. The school district continues to budget conservatively and will have to make budget cuts due to declining enrollment and the uncertainty of school finance funding.

**Capital Projects:** Overall (outflows) exceeded (inflows) in the Capital Project Fund by \$8,042, decreasing the Fund Balance to \$8.381.

**Bond Redemption Fund:** During the year, Bond Redemption Fund inflows exceeded outflows by \$36,581 leaving an ending Fund Balance of \$763,537. Due to a steady increase in assessed valuation the district will keep looking to decrease the impact by lowering the mill levy each December. In recent years the district has actually lowered from 10 mills to 3 mills. The district will continually evaluate methods to drop down the bond redemption fund while lowering mill levies until the payment levels out and the 2011 bond is paid in full.

**Food Service Fund:** For the year ended June 30,2025, the Food Service Fund had an ending fund balance of \$123,689. This is because the entire district qualifies for free lunch, but this is a reimbursable cost. All efforts must be made to report correctly on the costs of food and consumables, with operating costs to maintain a healthy fund balance. The district will continue to monitor and budget for transfers from the general fund to cover the deficit if cost savings are not sufficient. Moving forward, the district has inputted a contingency reserve in food service to avoid budget violations and to help absorb any unforeseen costs.

**Pupil Activities Fund:** For the year ended June 30,2025, the Pupil Activities Fund had an ending fund balance of \$176,939. This is a decrease from the prior year in the amount of \$21,470.

### **Debt Administration**

As of June 30, 2025, the District had total outstanding long-term debt as follows: General Obligation Bonds of \$1,053,917, Certificate of Participation \$4,526,338 and Compensated absences is \$156,114.

During the year, the district made all of its scheduled debt payments. Additional information related to the district's debt can be found in *Note 7* to the financial statements. Additional information about the district's pension plan can be found in *Notes 8 and 9*.

### **Capital Assets**

As of June 30, 2025, the District's Governmental Activity had capital assets of \$34,098,102 invested in a broad range of assets, including buildings remodels, furniture and equipment. Of the total assets of \$34,098,102, the amount of the assets not being depreciated is \$467,111 and then a normal depreciation of existing assets in the amount of \$33,630,991. The district does not maintain separate infrastructure assets as the entire infrastructure has been included with the related capital asset.

### **General Fund Budget**

The Board of Education adopts the district's budget in June of each year. If needed, changes are then made in January based on the final October student enrollment. The adoption of supplemental budgets is allowed throughout the year when unanticipated additional inflows are received. Program funding is based

upon student enrollment on October 1<sup>st</sup> of each year. This per pupil funding is a combination of Property Tax, State Equalization, and Specific Ownership Tax. Because these factors are not known in June when the budget is adopted, the portion of inflow from each source is not known until the following January.

### **Economic Factors and Next Year's Budget**

Ellicott depends heavily on state equalization payments, any state-level budget tightening directly reduces the revenue base the district can count on. Factors the district faces in budgeting for the 2026-2027 academic school year are as follows:

- Declining state revenues, enrollment counting methodology changes, slowed formula funding, and federal uncertainty all impact our district that is already navigating declining enrollment and depends heavily on state equalization and federal reimbursement programs.
- Attracting, development and retention of staff employees for all positions. High turnover in our district is challenging due to the proximity of bigger districts, that pay more in salary. Benefits will most assuredly increase as well- negating anything we can do for health care and retirement.
- Making the budget for the next year will see the district doing more with less, as at-risk factors such as students with higher needs, poverty and multilingual students increase. These increase expenses but the district is determined to not deficit spending, which means cuts to staff positions.

### **Requests for Information**

This financial report is designed to provide a general overview of the El Paso County School District # 22's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to: Chris Smith, ESD22 Superintendent. [322 South Ellicott Highway, Ellicott, Colorado 80808](https://www.ellicottcolorado.gov/322-South-Ellicott-Highway-Ellicott-Colorado-80808).

## **BASIC FINANCIAL STATEMENTS**

**EL PASO COUNTY SCHOOL DISTRICT #22**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2025**

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash and investments	\$ 2,710,177
Restricted cash and investments	762,595
Cash with county treasurer	74,995
Taxes receivable	125,934
Grants receivable	68,238
Inventories and prepaid items	36,524
Capital assets, not being depreciated	467,111
Capital assets being depreciated	33,630,991
	<u>37,876,565</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred pension outflows	4,209,957
Deferred OPEB outflows	164,187
	<u>4,374,144</u>
<b>LIABILITIES</b>	
Accounts payable and other current liabilities	310,286
Accrued salaries and benefits	1,194,434
Unearned revenue	202,307
Accrued interest	17,211
Long-term liabilities:	
Due within on year	329,272
Due in more than one year	5,407,097
Net pension liability	19,572,188
Net OPEB liability	347,266
	<u>27,380,061</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred pension inflows	137,151
Deferred OPEB inflows	205,924
	<u>343,075</u>
<b>NET POSITION</b>	
Net investment in capital assets	28,517,847
Restricted for:	
Emergency reserve (TABOR)	430,000
Debt service	757,847
Capital reserves	253,700
Preschool	303,351
Unrestricted	(15,735,172)
	<u>(15,735,172)</u>
Total net position	<u>\$ 14,527,573</u>

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

**EL PASO COUNTY SCHOOL DISTRICT #22  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2025**

<u>Functions/Programs</u>	<u>Program Revenue</u>				<u>Net (Expense) Revenue and Changes in Net Position</u>
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>
Governmental activities:					
Instruction	\$ 9,629,196	\$ 362,411	\$ 2,165,948	\$ -	\$ (7,100,837)
Supporting services	5,856,659	-	58,311	-	(5,798,348)
Food service operations	763,633	149,350	771,513	-	157,230
Interest and fiscal charges	218,570	-	-	-	(218,570)
Total	<u>\$ 16,468,058</u>	<u>\$ 511,761</u>	<u>\$ 2,995,772</u>	<u>\$ -</u>	<u>(12,960,525)</u>
General revenues:					
Property taxes					1,906,964
Specific ownership taxes					170,279
State equalization					9,951,818
Grants and contributions not restricted to specific programs					233,457
Unrestricted investment earnings					85,192
Gain on sale of capital assets					<u>1,200,000</u>
Total general revenues					<u>13,547,710</u>
Change in net position					587,185
Net position - beginning					<u>13,940,388</u>
Net position - ending					<u>\$ 14,527,573</u>

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

**EL PASO COUNTY SCHOOL DISTRICT #22**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2025**

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total Nonmajor Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>				
Cash and investments	\$ 2,514,890	\$ -	\$ 195,287	\$ 2,710,177
Restricted cash and investments	-	750,124	12,471	762,595
Cash with fiscal agent	67,903	7,092	-	74,995
Taxes receivable	113,923	12,011	-	125,934
Grants receivable	4,480	-	63,758	68,238
Due from other funds	145,239	-	59,034	204,273
Inventories and prepaid items	-	-	36,524	36,524
Total assets	<u>\$ 2,846,435</u>	<u>\$ 769,227</u>	<u>\$ 367,074</u>	<u>\$ 3,982,736</u>
<b>LIABILITIES</b>				
Accounts payable and other current liabilities	\$ 310,286	\$ -	\$ -	\$ 310,286
Accrued salaries and benefits	1,170,188	-	24,246	1,194,434
Due to other funds	181,835	-	22,438	204,273
Unearned revenue	190,926	-	11,381	202,307
Total liabilities	<u>1,853,235</u>	<u>-</u>	<u>58,065</u>	<u>1,911,300</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue-property taxes	53,749	5,690	-	59,439
Total deferred inflows of resources	<u>53,749</u>	<u>5,690</u>	<u>-</u>	<u>59,439</u>
<b>FUND BALANCES</b>				
Nonspendable for:				
Inventories and prepaid items	-	-	36,524	36,524
Restricted for:				
Emergency reserve (TABOR)	430,000	-	-	430,000
Debt service	-	763,537	-	763,537
Capital reserves	-	-	253,700	253,700
Preschool	303,351	-	-	303,351
Committed for:				
Food service operations	-	-	87,165	87,165
Pupil activities	-	-	176,939	176,939
Unassigned	206,100	-	(245,319)	(39,219)
Total fund balances	<u>939,451</u>	<u>763,537</u>	<u>309,009</u>	<u>2,011,997</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 2,846,435</u>	<u>\$ 769,227</u>	<u>\$ 367,074</u>	<u>\$ 3,982,736</u>

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

**EL PASO COUNTY SCHOOL DISTRICT #22**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2025**

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

Total fund balance - governmental funds	\$	2,011,997
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Capital assets, not being depreciated	\$	467,111
Capital assets, net of depreciation/amortization	<u>33,630,991</u>	34,098,102
Property tax receivable is not available to pay current period expenditures and, therefore, is not reported in the funds.		
		59,439
Long-term liabilities and related items are not due and payable in the current year and, therefore, are not reported in government funds:		
Net pension liabilities	\$	(19,572,188)
Pension outflows		4,209,957
Pension inflows		(137,151)
Net OPEB liabilities		(347,266)
OPEB outflows		164,187
OPEB inflows		(205,924)
Accrued interest		(17,211)
Compensated absences		(156,114)
Bonds and COPs payable		<u>(5,580,255)</u>
		<u>(21,641,965)</u>
Net position of governmental activities in the statement of net position	\$	<u><u>14,527,573</u></u>

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

**EL PASO COUNTY SCHOOL DISTRICT #22**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2025**

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total Nonmajor Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>				
Local sources	\$ 3,419,583	\$ 210,649	\$ 442,318	\$ 4,072,550
State sources	11,218,222	-	261,386	11,479,608
Federal sources	932,913	-	510,127	1,443,040
	<u>15,570,718</u>	<u>210,649</u>	<u>1,213,831</u>	<u>16,995,198</u>
<b>EXPENDITURES</b>				
Instruction	8,188,034	-	313,791	8,501,825
Supporting services	4,903,564	335	8,689	4,912,588
Food service operations	-	-	776,080	776,080
Debt service	362,884	173,733	-	536,617
	<u>13,454,482</u>	<u>174,068</u>	<u>1,098,560</u>	<u>14,727,110</u>
Net change in fund balances	2,116,236	36,581	115,271	2,268,088
Fund balances - beginning	<u>(1,176,785)</u>	<u>726,956</u>	<u>193,738</u>	<u>(256,091)</u>
Fund balances - ending	<u>\$ 939,451</u>	<u>\$ 763,537</u>	<u>\$ 309,009</u>	<u>\$ 2,011,997</u>

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

**EL PASO COUNTY SCHOOL DISTRICT #22**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2025**

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

Net change in fund balances - total governmental funds:		\$ 2,268,088
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital outlays	\$ 20,000	
Depreciation/amortization expense	<u>(1,108,788)</u>	(1,088,788)
Governmental funds do not present property tax revenues that are not available to pay current obligations. In contrast, such revenues are reported in the statement of activities when earned.		
		35,103
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of the governmental funds. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Repayment of principal	<u>\$ 317,045</u>	317,045
Governmental funds measure compensated absences by the amount of financial resources used, whereas these expenses are reported in the statement of activities based on the amounts incurred during the year.		
		102,969
Certain pension and OPEB expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		
Interest expense	\$ 1,002	
Changes in pension related items	(1,109,179)	
Changes in OPEB related items	<u>60,945</u>	<u>(1,047,232)</u>
Change in net position of governmental activities		<u>\$ 587,185</u>

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

## **NOTES TO FINANCIAL STATEMENTS**

**EL PASO COUNTY SCHOOL DISTRICT #22**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of El Paso County School District #22 (the District) have been prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the District are discussed below.

*A. REPORTING ENTITY*

The District is organized under the Constitution of the State of Colorado. The legislative power of the School District is vested in the Board of Education, consisting of five members elected at large for staggered four-year terms. The district services 229 square miles of central and eastern El Paso County.

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

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

*B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENT PRESENTATION*

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

The statement of activities demonstrates the degree to which direct expenses of given functions or segments are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include (1) charges to students or other service users who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as *general revenues* rather than as program revenues.

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

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

**EL PASO COUNTY SCHOOL DISTRICT #22**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

The District reports the following major governmental funds:

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

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

Additionally, the District reports the following fund types:

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

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

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

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

The *Capital Reserve Fund* accounts for the purposes and limitations specified by Section 22-45-103(1)(c), C.R.S., including the acquisition of sites, buildings, equipment and vehicles.

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

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

**C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING**

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

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

**EL PASO COUNTY SCHOOL DISTRICT #22**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

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

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

*Cash and cash equivalents*

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

*Investments*

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

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

*Receivables*

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

**EL PASO COUNTY SCHOOL DISTRICT #22**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*Inventories and prepaid items*

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

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

*Capital assets*

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

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

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

Buildings and improvements	10 - 50 years
Vehicles	5 - 25 years
Equipment	5 - 25 years

*Accrued Salaries and Benefits*

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

*Unearned Revenue*

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

**EL PASO COUNTY SCHOOL DISTRICT #22**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*Deferred outflows/inflows of resources*

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

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

*Leases*

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

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

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

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

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

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

**EL PASO COUNTY SCHOOL DISTRICT #22**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*Long-term liabilities*

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

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

*Pensions*

El Paso County School District #22 participates in the School Division Trust Fund (SCHDTF), a cost-sharing multiple-employer defined benefit pension plan administered by the Public Employees' Retirement Association of Colorado (PERA). The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position (FNP) and additions to/deductions from the FNP of the SCHDTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

*OPEB*

El Paso County School District #22 participates in the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit OPEB fund administered by the Public Employees' Retirement Association of Colorado ("PERA"). The net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, information about the fiduciary net position (FNP) and additions to/deductions from the FNP of the HCTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefits paid on behalf of health care participants are recognized when due and/or payable in accordance with the benefit terms. Investments are reported at fair value.

*Net position*

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

**EL PASO COUNTY SCHOOL DISTRICT #22**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

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

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

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

*Fund balance classification*

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

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

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

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

**EL PASO COUNTY SCHOOL DISTRICT #22**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

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

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

*E. REVENUES AND EXPENDITURES/EXPENSES*

*Property Taxes*

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

The District is permitted to levy taxes on the assessed valuation for general governmental services and for the payment of principal and interest on long-term debt. The tax rate for the year ended December 31, 2025 is 27.065 mills for general operating expenses and 2.836 mills for the payment of long-term debt. The District’s assessed valuation for the collection year 2025 is \$62,180,640.

*Specific Ownership Taxes*

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

**EL PASO COUNTY SCHOOL DISTRICT #22**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*Compensated Absences*

The District recognizes a liability for compensated absences in accordance with the provisions of GASB Statement No. 101, *Compensated Absences*. Under this standard, a liability is reported for leave that is attributable to services already rendered, is to be used for time off, and is more likely than not to be used for time off or otherwise paid.

Vacation leave that meets these criteria is accrued when earned in the government-wide financial statements. Sick leave is accrued only to the extent that it is reasonably expected to be paid upon separation or used in future periods. The amount reported as a liability is based on the pay rates in effect at the end of the reporting period and includes applicable salary-related payments.

In the governmental fund financial statements, compensated absences are recognized as expenditures only when due.

*F. ESTIMATES*

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

**NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

*Budgetary Information*

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

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

**EL PASO COUNTY SCHOOL DISTRICT #22**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)**

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

*Violations of Legal or Contractual Provisions*

As of June 30, 2025, the District is in violation of legal and contractual provisions related Capital Reserves. The Capital Projects Fund has a restriction of \$253,700 related to requirements outlined in the 2011 BEST Grant agreement but a total fund balance of \$8,381. The Capital Projects Fund does not have sufficient fund balance to meet these restrictions. The District will address the restoration of fund balance by reducing expenditures in future years.

*Excess of Expenditures over Appropriations*

For the year ended June 30, 2025, expenditures exceeded appropriations in the General Fund, Debt Service Fund, Food Service Fund, Pupil Activity Fund, and Capital Reserve Fund by \$1,204,780, \$335, \$153,155, \$313,791, and \$8,689, respectively. The District will address the excess of expenditures over appropriations by reducing expenditures in subsequent years.

**NOTE 3 – DEPOSITS AND INVESTMENTS**

A summary of deposits and investments as of June 30, 2025 is as follows:

Deposits	\$ 457,759
Investments	<u>3,015,013</u>
Total	<u>\$ 3,472,772</u>

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

Cash and investments	\$ 2,710,177
Restricted cash and investments	<u>762,595</u>
Total	<u>\$ 3,472,772</u>

**EL PASO COUNTY SCHOOL DISTRICT #22**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)**

*Cash deposits with financial institutions*

Custodial Credit Risk—deposits: Custodial credit risk is the risk that, in the event of a bank failure, the District’s deposits might not be recovered. The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits.

The carrying amount of the District’s deposits at June 30, 2025 was \$457,759 and the bank balances were \$563,436. Of the bank balances, \$250,000 were covered by federal deposit insurance, and the remaining balance was uninsured but collateralized in accordance with the provisions of the PDPA.

*Investments*

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

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

At June 30, 2025 the District’s investment balances were as follows:

<u>Investment Type</u>	<u>Year-end Balance</u>	<u>Measurement</u>	<u>Maturity</u>	<u>Standard &amp; Poor’s Rating</u>
ColoTrust	\$ 3,015,013	Net asset value	Less than 90 days	AAAm

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

**EL PASO COUNTY SCHOOL DISTRICT #22**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)**

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

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

Concentration of Credit Risk – Concentration of credit risk is the risk of loss that may be caused by the District’s investment in a single issuer. The District places no limit on the amount it may invest in any one issuer. More than 20 percent of the District’s investments are in ColoTrust. These investments are 100% of the District’s total investments.

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

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

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

**NOTE 4 – INTERFUND RECEIVABLES AND PAYABLES**

*Receivables and Payables*

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

The composition of interfund balances as of June 30, 2025, is as follows:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund	\$ 145,239	\$ 181,835
Nonmajor Funds	<u>59,034</u>	<u>22,438</u>
Total	<u>\$ 204,273</u>	<u>\$ 204,273</u>

**EL PASO COUNTY SCHOOL DISTRICT #22**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 5 - CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2025 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<i>Governmental activities</i>				
Capital assets not being depreciated:				
Land	\$ 467,111	\$ -	\$ -	\$ 467,111
Construction in progress	<u>61,706</u>	<u>20,000</u>	<u>(81,706)</u>	<u>-</u>
Total capital assets not being depreciated	<u>528,817</u>	<u>20,000</u>	<u>(81,706)</u>	<u>467,111</u>
Capital assets being depreciated:				
Buildings and improvements	43,735,140	-	-	43,735,140
Vehicles	1,865,260	-	-	1,865,260
Equipment	<u>436,817</u>	<u>81,706</u>	<u>-</u>	<u>518,523</u>
Total capital assets being depreciated	<u>46,037,217</u>	<u>81,706</u>	<u>-</u>	<u>46,118,923</u>
Less accumulated depreciation for:				
Buildings and improvements	(10,421,960)	(959,280)	-	(11,381,240)
Vehicles	(714,571)	(108,983)	-	(823,554)
Equipment	<u>(242,613)</u>	<u>(40,525)</u>	<u>-</u>	<u>(283,138)</u>
Total accumulated depreciation	<u>(11,379,144)</u>	<u>(1,108,788)</u>	<u>-</u>	<u>(12,487,932)</u>
Total capital assets being depreciated, net	<u>34,658,073</u>	<u>(1,027,082)</u>	<u>-</u>	<u>33,630,991</u>
Total governmental activities capital assets	<u>\$ 35,186,890</u>	<u>\$ (1,007,082)</u>	<u>\$ (81,706)</u>	<u>\$ 34,098,102</u>

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

*Governmental Activities*

Instruction	\$ 502,279
Supporting services	<u>606,509</u>
Total depreciation/amortization expense	<u>\$ 1,108,788</u>

**EL PASO COUNTY SCHOOL DISTRICT #22**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 6 – LEASES**

*District as lessor*

The District, as a lessor, has entered into lease agreements with a third party involving telecommunications air space. The lease is for 30 years and the District receives monthly payments of \$5,230. The total amount of inflows of resources, including lease revenue, interest revenue, and other lease-related inflows, recognized during the fiscal year was \$33,920. This lease property was sold in 2025 for \$1,200,000.

**NOTE 7 – LONG-TERM LIABILITIES**

*General Obligation Bonds*

The District issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for governmental activities. General obligation bonds are direct obligations and pledge the full faith and credit of the District.

General Obligation bonds outstanding at June 30, 2025 are as follows:

	<u>Original Borrowing</u>	<u>Interest Rates</u>	<u>Final Maturity</u>	<u>Outstanding at Year-end</u>
<i>Governmental Activities</i>				
G.O. Bond 2011	\$ 2,373,694	4.12%	2031	\$ <u>1,053,917</u>

Annual debt service requirements to maturity for general obligation bonds are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2026	\$ 132,957	\$ 40,668
2027	138,433	35,079
2028	144,134	29,260
2029	150,070	23,202
2030	156,251	16,894
2031 – 2032	<u>332,072</u>	<u>13,814</u>
Total	<u>\$ 1,053,917</u>	<u>\$ 158,917</u>

**EL PASO COUNTY SCHOOL DISTRICT #22**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 7 – LONG-TERM LIABILITIES (CONTINUED)**

*Certificate of Participation*

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

Certificates of participation outstanding at June 30, 2025 are as follows:

	<u>Original Borrowing</u>	<u>Interest Rates</u>	<u>Final Maturity</u>	<u>Outstanding at Year-end</u>
<i>Governmental Activities</i>				
Certificates of Participation 2022	\$ 5,088,000	3.68%	2042	<u>\$ 4,526,338</u>

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

<u>Fiscal Year Ending June 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2026	\$ 196,315	\$ 166,569
2027	203,539	159,345
2028	211,029	151,855
2029	218,795	144,089
2030	226,847	136,037
2031 – 2035	1,265,771	548,650
2036 – 2040	1,516,457	297,964
2041 – 2042	<u>687,585</u>	<u>38,183</u>
Total	<u>\$ 4,526,338</u>	<u>\$ 1,642,692</u>

**EL PASO COUNTY SCHOOL DISTRICT #22**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 7 – LONG-TERM LIABILITIES (CONTINUED)**

*Changes in Long-Term Liabilities*

Changes in the District’s long-term liabilities for the year ended June 30, 2025, are as follows:

	Beginning Balance, as <u>Restated</u>	<u>Additions</u>	<u>Deductions</u>	Ending <u>Balance</u>	Amount Due Within <u>One year</u>
<i>Governmental Activities</i>					
General obligation bonds	\$ 1,181,615	\$ -	\$ (127,698)	\$ 1,053,917	\$ 132,957
Certificates of participation	4,715,685	-	(189,347)	4,526,338	196,315
Compensated absences	259,083	-	(102,969)	156,114	-
Net pension liability	18,730,409	2,071,095	(1,229,316)	19,572,188	-
Net OPEB liability	<u>452,263</u>	<u>34,085</u>	<u>(139,082)</u>	<u>347,266</u>	<u>-</u>
<i>Total Governmental Activities</i>	<u>\$ 25,339,055</u>	<u>\$ 2,105,180</u>	<u>\$ (1,788,412)</u>	<u>\$ 25,655,823</u>	<u>\$ 329,272</u>

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

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

**NOTE 8 – DEFINED BENEFIT PENSION PLAN**

*General Information about the Pension Plan*

*Plan description.* Eligible employees of the El Paso County School District #22 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/forms-resources/financial-reports-and-studies](http://www.copera.org/forms-resources/financial-reports-and-studies).

*Benefits provided as of December 31, 2024.* PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. § 24-51-602, 604, 1713, and 1714.

**EL PASO COUNTY SCHOOL DISTRICT #22**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 8 – DEFINED BENEFIT PENSION PLAN (CONTINUED)**

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:

- 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 the 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 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.

**EL PASO COUNTY SCHOOL DISTRICT #22**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 8 – DEFINED BENEFIT PENSION PLAN (CONTINUED)**

*Contributions provisions as of June 30, 2025:* Eligible employees of, El Paso County School District #22 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, 2024 through June 30, 2025. Employer contribution requirements are summarized in the table below:

	July 1, 2024 Through June 30, 2025
Employer contribution rate	11.40%
Amount of employer contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f)	(1.02)%
Amount apportioned to the SCHDTF	10.38%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	4.50%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	5.50%
<b>Total employer contribution rate to the SCHDTF</b>	<b>20.38%</b>

\*\*Contribution rates for the SCHDTF are expressed as a percentage of salary as defined in C.R.S. § 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 El Paso County School District #22 is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from El Paso County School District #22 were \$1,508,510 for the year ended June 30, 2025.

For purposes of GASB 68 paragraph 15, a circumstance exists in which a nonemployer contributing entity is legally responsible for making contributions to the SCHDTF and is considered to meet the definition of a special funding situation. As specified in C.R.S. § 24-51-414, the State is required to contribute \$225 million direct distribution each year to PERA starting on July 1, 2018. For 2024, 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.

*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, 2024, and the total pension liability (TPL) used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2023. Standard update procedures were used to roll-forward the TPL to December 31, 2024. The El Paso County School District #22 proportion of the net pension liability was based on El Paso County School District #22 contributions to the SCHDTF for the calendar year 2024 relative to the total contributions of participating employers and the State as a nonemployer contributing entity.

**EL PASO COUNTY SCHOOL DISTRICT #22**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 8 – DEFINED BENEFIT PENSION PLAN (CONTINUED)**

At June 30, 2025, the El Paso County School District #22 reported a liability of \$19,572,188 for its proportionate share of the net pension liability that reflected an increase for support from the State as a nonemployer contributing entity. The amount recognized by the El Paso County School District #22 as its proportionate share of the net pension liability, the related support from the State as a nonemployer contributing entity, and the total portion of the net pension liability that was associated with El Paso County School District #22 were as follows:

El Paso County School District #22 proportionate share of the net pension liability	\$ 19,572,188
The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the El Paso County School District #22	1,757,893
Total	\$ 21,330,081

At December 31, 2024, the El Paso County School District #22 proportion was 0.1134297434%, which was an increase of 0.0075090177% from its proportion measured as of December 31, 2023.

For the year ended June 30, 2025, the El Paso County School District #22 recognized pension expense of \$2,617,688 and revenue of \$185,384 for support from the State as a nonemployer contributing entity. At June 30, 2025, the El Paso County School District #22 reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 1,108,344	\$ -
Changes of assumptions or other inputs	146,735	-
Net difference between projected and actual earnings on pension plan investments	369,273	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	1,823,640	137,151
Contributions subsequent to the measurement date	761,965	N/A
Total	<u>\$ 4,209,957</u>	<u>\$ 137,151</u>

**EL PASO COUNTY SCHOOL DISTRICT #22**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 8 – DEFINED BENEFIT PENSION PLAN (CONTINUED)**

\$761,965 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2026	\$ 2,054,360
2027	1,931,911
2028	(412,066)
2029	(263,364)
2030	-
Thereafter	-

*Actuarial assumptions.* The December 31, 2023, actuarial valuation used the following actuarial cost method and key actuarial assumptions and other inputs:

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

<sup>1</sup> 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.

All mortality assumptions are developed on a benefit-weighted basis and apply generational mortality. Note that in all categories, displayed as follows, the mortality tables are generationally projected using scale MP-2019.

**EL PASO COUNTY SCHOOL DISTRICT #22**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 8 – DEFINED BENEFIT PENSION PLAN (CONTINUED)**

	<b>Mortality Table</b>	<b>Adjustments, as Applicable</b>
Pre-Retirement	PubT-2010 Employee	N/A
Post-Retirement (Retiree), Non-Disabled	PubT-2010 Healthy Retiree	<b>Males:</b> 112% of the rates prior to age 80/ 94% of the rates age 80 and older <b>Females:</b> 83% of the rates prior to age 80/ 106% of the rates age 80 and older
Post-Retirement (Beneficiary), Non-Disabled	Pub-2010 Contingent Survivor	<b>Males:</b> 97% of the rates for all ages <b>Females:</b> 105% of the rates for all ages
Disabled	PubNS-2010 Disabled Retiree	99% of the rates for all ages

The actuarial assumptions used in the December 31, 2023, 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.

Based on the 2024 experience analysis, dated January 3, 2025, for the period January 1, 2020, to December 31, 2023, revised actuarial assumptions were adopted by PERA’s Board on January 17, 2025, and were effective as of December 31, 2024. The following assumptions were reflected in the roll forward calculation of the total pension liability from December 31, 2023, to December 31, 2024.

Salary increases, including wage inflation: 4.00%-13.40%

Salary scale assumptions were altered to better reflect actual experience.

Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.

The estimated administrative expense as a percentage of covered payroll was increased from 0.40% to 0.45%.

The adjustments for credibility applied to the Pub-2010 mortality tables for active and retired lives, including beneficiaries, were updated based on the experience. All mortality assumptions are developed on a benefit-weighted basis. Note that in all categories, displayed as follows, the mortality tables are generationally projected using the 2024 adjusted MP-2021 projection scale.

**EL PASO COUNTY SCHOOL DISTRICT #22**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 8 – DEFINED BENEFIT PENSION PLAN (CONTINUED)**

	<b>Mortality Table</b>	<b>Adjustments, as Applicable</b>
Pre-Retirement	PubT-2010 Employee	N/A
Post-Retirement (Retiree), Non-Disabled	PubT-2010 Healthy Retiree	<b>Males:</b> 106% of the rates for all ages <b>Females:</b> 86% of the rates prior to age 85/ 115% of the rates age 85 and older
Post-Retirement (Beneficiary), Non-Disabled	Pub-2010 Contingent Survivor	<b>Males:</b> 92% of the rates for all ages <b>Females:</b> 100% of the rates for all ages
Disabled	PubNS-2010 Disabled Retiree	95% of the rates for all ages

The long-term expected return on plan assets is monitored on an ongoing basis and reviewed as part of periodic experience studies prepared every four years, and asset/liability studies, performed every three to five years for PERA. The most recent analyses were outlined in the 2024 Experience Study report dated January 3, 2025.

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 November 15, 2019, meeting, and again at the Board's September 20, 2024, meeting. As of the most recent reaffirmation of the long-term rate of return, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the table as follows:

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
Global Equity	51.00%	5.00%
Fixed Income	23.00%	2.60%
Private Equity	10.00%	7.60%
Real Estate	10.00%	4.10%
Alternatives	6.00%	5.20%
Total	100.00%	

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

**EL PASO COUNTY SCHOOL DISTRICT #22**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 8 – DEFINED BENEFIT PENSION PLAN (CONTINUED)**

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

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

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

**EL PASO COUNTY SCHOOL DISTRICT #22**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 8 – DEFINED BENEFIT PENSION PLAN (CONTINUED)**

*Sensitivity of the El Paso County School District #22 proportionate share of the net pension liability to changes in the discount rate.* The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.25%, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.25%) or 1-percentage point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	\$ 26,535,350	\$ 19,572,188	\$ 13,739,566

*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/forms-resources/financial-reports-and-studies](http://www.copera.org/forms-resources/financial-reports-and-studies).

**Significant Changes in Plan Provisions Affecting Trends in Actuarial Information**  
*2024 Changes in Plan Provision Since 2023*

- There were no changes made to the plan provisions.

**Significant Changes in Assumptions or Other Inputs Affecting Trends in Actuarial Information**  
*2024 Changes in Assumptions or Other Inputs Since 2023*

- Salary scale assumptions were altered to better reflect actual experience.
- Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.
- The Pub-2010 Public Retirement Plans Mortality base tables were retained for purposes of active, retired, disabled, and beneficiary lives, with revised adjustments for credibility and gender, where applicable. In addition, the applied generational projection scale was updated to the 2024 adjusted scale MP-2021.
- The estimated administrative expense as a percentage of covered payroll was increased from 0.40% to 0.45%.

**Subsequent Events**

- SB 25-310, enacted June 2, 2025, and effective immediately, allows PERA to accept a series of warrants from the State Treasurer totaling \$500 million (actual dollars) on or after July 1, 2025, and before October 1, 2025. These dollars are to be proportioned over time to replace reductions to future direct distributions intended to fund the Peace Officer Training and Support Fund and, at that time, will be allocated to the appropriate Division Trust Fund(s) within PERA. SB 25-310 also allows for an alternative actuarial method to allocate the direct distribution if the allocation, based on the reported payroll of each participating division, results in an AAP assessment ratio below the 98% benchmark.

**EL PASO COUNTY SCHOOL DISTRICT #22**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

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

*General Information about the OPEB Plan*

*Plan description.* Eligible employees of the El Paso County School District #22 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/forms-resources/financial-reports-and-studies](http://www.copera.org/forms-resources/financial-reports-and-studies).

*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.

**EL PASO COUNTY SCHOOL DISTRICT #22**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 9 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN  
(CONTINUED)**

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

*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 El Paso County School District #22 is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from El Paso County School District #22 were \$75,499 for the year ended June 30, 2025.

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

At June 30, 2025, the El Paso County School District #22 reported a liability of \$347,266 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2024, and the total OPEB liability (TOL) used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2023. Standard update procedures were used to roll-forward the TOL to December 31, 2024. The El Paso County School District #22 proportion of the net OPEB liability was based on El Paso County School District #22 contributions to the HCTF for the calendar year 2024 relative to the total contributions of participating employers to the HCTF.

**EL PASO COUNTY SCHOOL DISTRICT #22**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

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

At December 31, 2024, the El Paso County School District #22 proportion was 0.0726243826%, which was an increase of 0.0092578396% from its proportion measured as of December 31, 2023.

For the year ended June 30, 2025, the El Paso County School District #22 recognized OPEB expense of \$14,554. At June 30, 2025, the El Paso County School District #22 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	\$ -	\$ 76,600
Changes of assumptions or other inputs	3,982	111,003
Net difference between projected and actual earnings on OPEB plan investments	1,177	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	120,892	18,321
Contributions subsequent to the measurement date	38,136	N/A
Total	\$ 164,187	\$ 205,924

\$38,136 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	
2026	\$ (819)
2027	(17,483)
2028	(29,952)
2029	(18,410)
2030	(9,634)
Thereafter	(3,575)

**EL PASO COUNTY SCHOOL DISTRICT #22**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

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

*Actuarial assumptions.* The December 31, 2023 actuarial valuation used the following actuarial cost method and key actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.30%
Real wage growth	0.70%
Wage inflation	3.00%
Salary increases, including wage inflation	3.40% - 11.00%
Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Health care cost trend rates	
PERA benefit structure:	
Service-based premium subsidy	0.00%
PERACare Medicare plans	16.00% in 2024, then 6.75% in 2025, gradually decreasing to 4.50% in 2034
MAPD PPO #2	105.00% in 2024, then 8.55% in 2025, gradually decreasing to 4.50% in 2034
Medicare Part A premiums	3.50% in 2024, gradually increasing to 4.50% in 2033
DPS benefit structure:	
Service-based premium subsidy	0.00%
PERACare Medicare plans	N/A
Medicare Part A premiums	N/A

As of the December 31, 2024, measurement date, the FNP and related disclosure components for the HCTF reflect additional payments related to the disaffiliation of Tri-County Health Department (Tri-County Health) as a PERA-affiliated employer, effective December 31, 2022. The additional employer disaffiliation payment allocations to the HCTF and Local Government Division Trust Fund were \$0.020 million and \$0.486 million, respectively.

Each year the per capita health care costs are developed by plan option. As of the December 31, 2023, actuarial valuation, costs are based on 2024 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 were 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.

**EL PASO COUNTY SCHOOL DISTRICT #22**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 9 – 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	\$1,710	\$1,420	\$585	\$486	\$1,897	\$1,575
70	\$1,921	\$1,589	\$657	\$544	\$2,130	\$1,763
75	\$2,122	\$1,670	\$726	\$571	\$2,353	\$1,853

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	\$6,536	\$5,429	\$4,241	\$3,523	\$7,063	\$5,866
70	\$7,341	\$6,073	\$4,764	\$3,941	\$7,933	\$6,563
75	\$8,110	\$6,385	\$5,262	\$4,143	\$8,763	\$6,900

The 2024 Medicare Part A premium is \$505 per month.

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

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.

**EL PASO COUNTY SCHOOL DISTRICT #22**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

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

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models, and industry methods developed by health plan actuaries and administrators. In addition, projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services are referenced in the development of these rates. PERACare Medicare plan rates are applied where members have no premium-free Part A and where those premiums are already exceeding the maximum subsidy. MAPD PPO #2 has a separate trend because the first year rates are still below the maximum subsidy and to reflect the estimated impact of the Inflation Reduction Act for that plan option. enrollees not eligible for premium-free Medicare Part A.

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

<b>Year</b>	<b>PERACare Medicare Plans<sup>1</sup></b>	<b>MAPD PPO #21</b>	<b>Medicare Part A Premiums</b>
2024	16.00%	105.00%	3.50%
2025	6.75%	8.55%	3.75%
2026	6.50%	8.10%	3.75%
2027	6.25%	7.65%	4.00%
2028	6.00%	7.20%	4.00%
2029	5.75%	6.75%	4.25%
2030	5.50%	6.30%	4.25%
2031	5.25%	5.85%	4.25%
2032	5.00%	5.40%	4.25%
2033	4.75%	4.95%	4.50%
2034+	4.50%	4.50%	4.50%

<sup>1</sup> Increase in 2024 trend rates due to the effect of the Inflation Reduction Act.

Mortality assumptions used in the December 31, 2023, valuation for the Division Trust Funds as shown in the following table, reflect generational mortality and were applied, as applicable, in the December 31, 2023, valuation for the HCTF, but developed using a headcount-weighted basis. Note that in all categories, displayed as follows, the mortality tables are generationally projected using scale MP-2019. Affiliated employers of the State, School, Local Government, and Judicial Divisions participate in the HCTF.

**EL PASO COUNTY SCHOOL DISTRICT #22**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

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

<b>Pre-Retirement</b>	<b>Mortality Table</b>	<b>Adjustments, as Applicable</b>
School Division	PubT-2010 Employee	N/A
<hr/>		
<b>Post-Retirement (Retiree), Non-Disabled</b>	<b>Mortality Table</b>	<b>Adjustments, as Applicable</b>
School Division	PubT-2010 Healthy Retiree	<b>Males:</b> 112% of the rates prior to age 80/ 94% of the rates age 80 and older <b>Females:</b> 83% of the rates prior to age 80/ 106% of the rates age 80 and older
<hr/>		
<b>Post-Retirement (Beneficiary), Non-Disabled</b>	<b>Mortality Table</b>	<b>Adjustments, as Applicable</b>
All Beneficiaries	Pub-2010 Contingent Survivor	<b>Males:</b> 97% of the rates for all ages <b>Females:</b> 105% of the rates for all ages
<hr/>		
<b>Disabled</b>	<b>Mortality Table</b>	<b>Adjustments, as Applicable</b>
Members other than Safety Officers	PubNS-2010 Disabled Retiree	99% of the rates for all ages

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, 2023, 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 were updated to reflect costs for the 2024 plan year.
- The health care cost trend rates applicable to health care premiums were revised to reflect the current expectation of future increases in those premiums. A separate trend rate assumption set was added for MAPD PPO #2 as the first-year rate is still below the maximum subsidy and also the assumption set reflects the estimated impact of the Inflation Reduction Act for that plan option.
- The Medicare health care plan election rate assumptions were updated effective as of the December 31, 2023, valuation date based on an experience analysis of recent data.

The actuarial assumptions used in the December 31, 2023, 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.

Based on the 2024 experience analysis, dated January 3, 2025, for the period January 1, 2020, to December 31, 2023, revised actuarial assumptions were adopted by PERA's Board on January 17, 2025, and were effective as of December 31, 2024. The following assumptions were reflected in the roll forward calculation of the total OPEB liability from December 31, 2023, to December 31, 2024.

**EL PASO COUNTY SCHOOL DISTRICT #22**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 9 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN  
(CONTINUED)**

Salary increases, including wage inflation      4.00%-13.40%

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

- Salary scale assumptions were altered to better reflect actual experience.
- Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.
- Participation rates were reduced.
- MAPD premium costs are no longer age graded.

Plan	With Medicare Part A	Without Medicare Part A
MAPD PPO #1	\$1,824	\$6,972
MAPD PPO #2	624	4,524
MAPD HMO (Kaiser)	2,040	7,596

The adjustments for credibility applied to the Pub-2010 mortality tables for active and retired lives, including beneficiaries, were updated based on the experience. Note that in all categories, the mortality tables are generationally projected using the 2024 adjusted MP-2021 project scale. These assumptions updated for the Division Trust Funds, were also applied in the roll forward calculations for the HCTF using a headcount-weighted basis. Affiliated employers of the State, School, Local Government, and Judicial Divisions participate in the HCTF.

<b>Pre-Retirement</b>	<b>Mortality Table</b>	<b>Adjustments, as Applicable</b>
School Division	PubT-2010 Employee	N/A
<b>Post-Retirement (Retiree), Non-Disabled</b>	<b>Mortality Table</b>	<b>Adjustments, as Applicable</b>
School Division	PubT-2010 Healthy Retiree	<b>Males:</b> 106% of the rates for all ages <b>Females:</b> 86% of the rates prior to age 85/ 115% of the rates age 85 and older
<b>Post-Retirement (Beneficiary), Non-Disabled</b>	<b>Mortality Table</b>	<b>Adjustments, as Applicable</b>
All Beneficiaries	Pub-2010 Contingent Survivor	<b>Males:</b> 92% of the rates for all ages <b>Females:</b> 100% of the rates for all ages
<b>Disabled</b>	<b>Mortality Table</b>	<b>Adjustments, as Applicable</b>
Members other than Safety Officers	PubNS-2010 Disabled Retiree	95% of the rates for all ages

**EL PASO COUNTY SCHOOL DISTRICT #22**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

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

The actuarial assumptions pertaining to per capita health care costs and their related trend rates are analyzed annually and updated, as appropriate, by the PERA Board’s actuary.

The long-term expected return on plan assets is monitored on an ongoing basis and reviewed as part of periodic experience studies prepared every four years, and asset/liability studies, performed every three to five years for PERA. The most recent analyses were outlined in the 2024 Experience Study report dated January 3, 2025.

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 November 15, 2019, meeting, and again at the Board's September 20, 2024, meeting. As of the most recent reaffirmation of the long-term rate of return, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the table as follows:

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
Global Equity	51.00%	5.00%
Fixed Income	23.00%	2.60%
Private Equity	10.00%	7.60%
Real Estate	10.00%	4.10%
Alternatives	6.00%	5.20%
Total	100.00%	

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

*Sensitivity of the El Paso County School District #22 proportionate share of the net OPEB liability to changes in the Health Care Cost Trend Rates.* The following table 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 <sup>1</sup>	5.75%	6.75%	7.75%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial MAPD PPO#2 trend rate <sup>1</sup>	7.55%	8.55%	9.55%
Ultimate MAPD PPO#2 trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate <sup>1</sup>	2.75%	3.75%	4.75%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability	\$ 337,910	\$ 347,266	\$ 357,854

<sup>1</sup>For the January 1, 2025, plan year.

**EL PASO COUNTY SCHOOL DISTRICT #22**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

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

*Discount rate.* The discount rate used to measure the TOL was 7.25%. The basis for the projection of liabilities and the FNP used to determine the discount rate was an actuarial valuation performed as of December 31, 2023, and the financial status of the HCTF as of the current measurement date (December 31, 2024). 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, 2024, 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.
- As of the December 31, 2024, measurement date, the FNP and related disclosure components for the HCTF reflect additional payments related to the disaffiliation of Tri-County Health as a PERA-affiliated employer, effective December 31, 2022. The additional employer disaffiliation payment allocations to the HCTF and Local Government Division Trust Fund were \$0.020 million and \$0.486 million, respectively.

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

**EL PASO COUNTY SCHOOL DISTRICT #22**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

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

*Sensitivity of the El Paso County School District #22 proportionate share of the net OPEB liability to changes in the discount rate.* The following presents the proportionate share of the net OPEB liability calculated using the discount rate of 7.25%, as well as what the proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25%) or 1-percentage-point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	\$ 425,580	\$ 347,266	\$ 279,750

*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/forms-resources/financial-reports-and-studies](http://www.copera.org/forms-resources/financial-reports-and-studies).

**Significant Changes in Plan Provisions Affecting Trends in Actuarial Information**  
*2024 Changes in Plan Provision Since 2023*

- As of the December 31, 2024, measurement date, the FNP and related disclosure components for HCTF reflect additional payments related to the disaffiliation of Tri-County Health Department as a PERA-affiliated employer, effective December 31, 2022. The additional employer disaffiliation payment allocations to the HCTF and Local Government Division Trust Fund were \$0.020 million and \$0.486 million, respectively.

**Significant Changes in Assumptions or Other Inputs Affecting Trends in Actuarial Information**  
*2024 Changes in Assumptions or Other Inputs Since 2023*

- Salary scale assumptions were altered to better reflect actual experience.
- Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.
- The adjustments for credibility applied to the Pub-2010 mortality tables for active and retired lives, including beneficiaries, were updated based on experience. In addition, the mortality projection scale was updated to the 2024 adjusted scale MP-2021 to reflect future improvements in mortality for all groups.
- Participation rates were reduced.
- MAPD premium costs are no longer age graded.

**EL PASO COUNTY SCHOOL DISTRICT #22**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 10 - RISK MANAGEMENT**

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

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

**NOTE 11 – JOINTLY GOVERNED ORGANIZATION**

The District is a participant with other school districts in a joint venture known as the Peak Board of Cooperative Educational Services (BOCES). The BOCES is organized under provisions of Colorado law to provide special education services to member school districts in the BOCES' general area. The member school districts provide annual financial resources and each member district appoints a member of its board of education and the superintendent to serve on the governing body of the BOCES. The District does not have an ongoing financial interest in or ongoing financial responsibility for the BOCES. Financial statements for the BOCES can be obtained from the BOCES administrative offices at: 2883 South Circle Drive, Colorado Springs, CO 80906.

**NOTE 12 – COMMITMENTS AND CONTINGENCIES**

*Grants*

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

*Capital Replacement Reserve*

The District received a BEST grant through the Colorado Department of Education for facility improvements that commenced during fiscal year 2013. As part of the BEST grant agreement, the District is required to fund a capital replacement reserve in the amount of \$100 per funded pupil in the facilities impacted by the grant based on the annual October student count. As of June 30, 2025, \$253,700 is restricted in the Capital Reserve Fund for this reserve.

**NOTE 13 - TAX, SPENDING, AND DEBT LIMITATIONS**

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

**EL PASO COUNTY SCHOOL DISTRICT #22**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 13 - TAX, SPENDING, AND DEBT LIMITATIONS (CONTINUED)**

The amendment requires emergency reserves be established. These reserves must be at least 3% of fiscal year spending. The District is not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls or salary and benefit increases. At June 30, 2025 there is a \$430,000 reservation of fund balance in the General Fund for the amendment.

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

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

On November 4, 1997, voters within the District authorized the District to collect, retain and expend all non-property tax revenues in the 1997-1998 fiscal year and in each fiscal year thereafter from all sources without regard to the limitations imposed by the Amendment.

The amendment is complex and subject to judicial interpretation. Other than not being able to meet the June 30, 2025 reserve requirements with cash balances, the District believes it is in compliance with the requirements of the amendment. However, the District has made certain interpretations of the amendment's language in order to determine its compliance.

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

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

**REQUIRED SUPPLEMENTARY INFORMATION**

**EL PASO COUNTY SCHOOL DISTRICT #22**  
**SCHEDULE OF THE EMPLOYER'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**JUNE 30, 2025**

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of the net pension liability (asset)	0.1134297434%	0.1059207257%	0.0858905430%	0.0948290913%	0.1060989858%	0.0935683598%	0.0945252308%	0.1156453174%	0.1214898279%	0.1146385689%
District's proportionate share of the net pension liability (asset)	\$ 19,572,188	\$ 18,730,409	\$ 15,640,208	\$ 11,035,608	\$ 16,040,027	\$ 13,978,910	\$ 16,737,634	\$ 37,395,586	\$ 36,172,220	\$ 17,533,160
State's proportionate share of the net pension liability (asset) associated with the District	1,757,893	410,702	4,557,714	1,265,092		1,573,472	2,013,342	-	-	-
<b>Total</b>	<u>\$ 21,330,081</u>	<u>\$ 19,141,111</u>	<u>\$ 20,197,922</u>	<u>\$ 12,300,700</u>	<u>\$ 16,040,027</u>	<u>\$ 15,552,382</u>	<u>\$ 18,750,976</u>	<u>\$ 37,395,586</u>	<u>\$ 36,172,220</u>	<u>\$ 17,533,160</u>
District's covered payroll	\$ 8,765,242	\$ 7,002,316	\$ 6,625,464	\$ 5,926,519	\$ 5,674,322	\$ 5,498,667	\$ 5,196,560	\$ 5,334,582	\$ 5,452,681	\$ 4,995,923
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	223.29%	267.49%	236.06%	186.21%	282.68%	254.22%	322.09%	701.00%	663.38%	350.95%
Plan fiduciary net position as a percentage of the total pension liability	67.2%	64.7%	61.8%	74.9%	67.0%	64.5%	57.0%	44.0%	43.1%	59.2%

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

See the accompanying independent auditors' report.

**EL PASO COUNTY SCHOOL DISTRICT #22**  
**SCHEDULE OF THE EMPLOYER'S PAYROLL CONTRIBUTIONS - PENSION**  
**JUNE 30, 2025**

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 1,508,510	\$ 1,516,660	\$ 1,516,376	\$ 1,250,233	\$ 1,113,869	\$ 1,058,768	\$ 994,102	\$ 993,833	\$ 977,785	\$ 865,793
Contributions in relation to the contractually required contribution	<u>(1,508,510)</u>	<u>(1,516,660)</u>	<u>(1,516,376)</u>	<u>(1,250,233)</u>	<u>(1,113,869)</u>	<u>(1,058,768)</u>	<u>(994,102)</u>	<u>(993,833)</u>	<u>(977,785)</u>	<u>(865,793)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 7,401,912	\$ 7,441,904	\$ 7,440,510	\$ 6,288,896	\$ 5,602,963	\$ 5,463,199	\$ 5,196,560	\$ 5,263,946	\$ 5,319,831	\$ 4,883,209
Contributions as a percentage of covered payroll	20.38%	20.38%	20.38%	19.88%	19.88%	19.38%	19.13%	18.88%	18.38%	17.73%

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

See the accompanying independent auditors' report.

**EL PASO COUNTY SCHOOL DISTRICT #22**  
**SCHEDULE OF THE EMPLOYER'S PROPORTIONATE SHARE**  
**OF THE NET OPEB LIABILITY**  
**JUNE 30, 2025**

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
District's proportion of the net OPEB liability (asset)	0.0726243826%	0.0633665430%	0.0652843572%	0.0619161885%	0.0613277638%	0.0611523578%	0.0614419069%	0.0657087159%	0.0690556930%
District's proportionate share of the net OPEB liability (asset)	\$ 347,266	\$ 452,263	\$ 533,033	\$ 533,906	\$ 582,752	\$ 687,351	\$ 835,943	\$ 853,950	\$ 895,331
District's covered payroll	\$ 8,765,242	\$ 7,002,316	\$ 6,625,464	\$ 5,926,519	\$ 5,674,322	\$ 5,498,667	\$ 5,196,560	\$ 5,334,582	\$ 5,452,681
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	3.96%	6.46%	8.05%	9.01%	10.27%	12.50%	16.09%	16.01%	16.42%
Plan fiduciary net position as a percentage of the total OPEB liability	59.8%	46.2%	38.6%	39.4%	32.8%	24.5%	17.0%	17.5%	16.7%

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

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

See the accompanying independent auditors' report.

**EL PASO COUNTY SCHOOL DISTRICT #22**  
**SCHEDULE OF THE EMPLOYER'S PAYROLL CONTRIBUTIONS - OPEB**  
**JUNE 30, 2025**

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 75,499	\$ 75,909	\$ 75,896	\$ 64,147	\$ 58,625	\$ 55,725	\$ 53,005	\$ 54,413	\$ 55,011
Contributions in relation to the contractually required contribution	<u>(75,499)</u>	<u>(75,909)</u>	<u>(75,896)</u>	<u>(64,147)</u>	<u>(58,625)</u>	<u>(55,725)</u>	<u>(53,005)</u>	<u>(54,413)</u>	<u>(55,011)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Districts covered payroll	\$ 7,401,912	\$ 7,441,904	\$ 7,440,510	\$ 6,288,896	\$ 5,747,518	\$ 5,463,199	\$ 5,196,565	\$ 5,334,587	\$ 5,393,194
Contributions as a percentage of covered payroll	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%

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

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

See the accompanying independent auditors' report.

**EL PASO COUNTY SCHOOL DISTRICT #22**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2025**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Local sources	\$ 2,092,258	\$ 2,092,258	\$ 3,419,583	\$ 1,327,325
State sources	9,880,096	9,880,096	11,218,222	1,338,126
Federal sources	600,000	600,000	932,913	332,913
Total revenues	<u>12,572,354</u>	<u>12,572,354</u>	<u>15,570,718</u>	<u>2,998,364</u>
<b>EXPENDITURES</b>				
Instruction	7,304,274	7,304,274	8,188,034	(883,760)
Supporting services				
Student support	198,064	198,064	186,666	11,398
Instructional staff	163,056	163,056	85,354	77,702
General administration	231,469	231,469	(116,847)	348,316
School administration	1,022,072	1,022,072	1,013,028	9,044
Business services	882,546	882,546	1,007,999	(125,453)
Operations and maintenance	965,202	965,202	1,275,387	(310,185)
Student transportation	632,576	632,576	879,462	(246,886)
Central support service	487,559	487,559	572,515	(84,956)
Debt Service				
Principal	189,347	189,347	189,347	-
Interest and other charges	173,537	173,537	173,537	-
Total expenditures	<u>12,249,702</u>	<u>12,249,702</u>	<u>13,454,482</u>	<u>(1,204,780)</u>
Excess (deficiency) of revenues over expenditures	322,652	322,652	2,116,236	1,793,584
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(49,096)	(49,096)	-	49,096
Net change in fund balances	273,556	273,556	2,116,236	1,842,680
Fund balances - beginning	-	-	(1,176,785)	(1,176,785)
Fund balances - ending	<u>\$ 273,556</u>	<u>\$ 273,556</u>	<u>\$ 939,451</u>	<u>\$ 665,895</u>

See the accompanying independent auditors' report.

**COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES**

## **DEBT SERVICE FUND**

The District has one debt service fund. This fund is used to account for the accumulation of resources for, and the payment of, long-term debt principal, interest and related costs. This fund's primary revenue sources are local property taxes levied specifically for debt service

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

**EL PASO COUNTY SCHOOL DISTRICT #22**  
**DEBT SERVICE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2025**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>REVENUES</b>			
Local sources:			
Property taxes	\$ 173,733	\$ 175,390	\$ 1,657
Specific ownership taxes	-	9,761	9,761
Other local sources	-	25,498	25,498
Total local revenues	<u>173,733</u>	<u>210,649</u>	<u>36,916</u>
<b>EXPENDITURES</b>			
Supporting services:			
Business services	-	335	(335)
Debt service	<u>173,733</u>	<u>173,733</u>	<u>-</u>
Total expenditures	<u>173,733</u>	<u>174,068</u>	<u>(335)</u>
Net change in fund balance	-	36,581	36,581
Fund balance - beginning	<u>-</u>	<u>726,956</u>	<u>726,956</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ 763,537</u>	<u>\$ 763,537</u>

See the accompanying independent auditors' report.

## **NON-MAJOR GOVERNMENTAL FUNDS**

### **Special Revenue Funds**

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

#### *Food Service Fund*

This fund accounts for transactions related to food service operations. It also accounts for USDA school breakfast/lunch money.

#### *Pupil Activity Fund*

This fund accounts for financial transactions related to school sponsored pupil intrascholastic and interscholastic athletic and other related activities.

### **Capital Reserve Fund**

The Capital Reserve Fund is used to account for significant capital expenditures of the District, including the acquisition of sites, buildings, equipment, and vehicles.

**EL PASO COUNTY SCHOOL DISTRICT #22**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**JUNE 30, 2025**

	<u>Special Revenue Funds</u>			<b>Total Nonmajor Governmental Funds</b>
	<b>Food Service Fund</b>	<b>Pupil Activity Fund</b>	<b>Capital Reserve Fund</b>	
<b>ASSETS</b>				
Cash and investments	\$ -	\$ 195,287	\$ -	\$ 195,287
Restricted cash and investments	-	-	12,471	12,471
Grants receivables	63,758	-	-	63,758
Due from other funds	59,034	-	-	59,034
Inventories	36,524	-	-	36,524
	<u>36,524</u>	<u>-</u>	<u>-</u>	<u>36,524</u>
Total assets	<u>\$ 159,316</u>	<u>\$ 195,287</u>	<u>\$ 12,471</u>	<u>\$ 367,074</u>
<b>LIABILITIES</b>				
Accrued salaries and benefits	\$ 24,246	\$ -	\$ -	\$ 24,246
Due to other funds	-	18,348	4,090	22,438
Unearned revenue	11,381	-	-	11,381
	<u>11,381</u>	<u>-</u>	<u>-</u>	<u>11,381</u>
Total liabilities	<u>35,627</u>	<u>18,348</u>	<u>4,090</u>	<u>58,065</u>
<b>FUND BALANCES</b>				
Nonspendable	36,524	-	-	36,524
Restricted	-	-	253,700	253,700
Committed	87,165	176,939	-	264,104
Unassigned	-	-	(245,319)	(245,319)
	<u>-</u>	<u>-</u>	<u>(245,319)</u>	<u>(245,319)</u>
Total fund balances	<u>123,689</u>	<u>176,939</u>	<u>8,381</u>	<u>309,009</u>
Total liabilities and fund balances	<u>\$ 159,316</u>	<u>\$ 195,287</u>	<u>\$ 12,471</u>	<u>\$ 367,074</u>

See the accompanying independent auditors' report.

**EL PASO COUNTY SCHOOL DISTRICT #22**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2025**

	<u>Special Revenue Funds</u>			<b>Total Nonmajor Governmental Funds</b>
	<b>Food Service Fund</b>	<b>Pupil Activity Fund</b>	<b>Capital Reserve Fund</b>	
<b>REVENUES</b>				
Local sources	\$ 149,350	\$ 292,321	\$ 647	\$ 442,318
State sources	261,386	-	-	261,386
Federal sources	510,127	-	-	510,127
Total revenues	<u>920,863</u>	<u>292,321</u>	<u>647</u>	<u>1,213,831</u>
<b>EXPENDITURES</b>				
Instruction	-	313,791	-	313,791
Supporting services	-	-	8,689	8,689
Food service operations	776,080	-	-	776,080
Total expenditures	<u>776,080</u>	<u>313,791</u>	<u>8,689</u>	<u>1,098,560</u>
Net change in fund balances	144,783	(21,470)	(8,042)	115,271
Fund balances - beginning	<u>(21,094)</u>	<u>198,409</u>	<u>16,423</u>	<u>193,738</u>
Fund balances - ending	<u>\$ 123,689</u>	<u>\$ 176,939</u>	<u>\$ 8,381</u>	<u>\$ 309,009</u>

See the accompanying independent auditors' report.

**EL PASO COUNTY SCHOOL DISTRICT #22**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**FOOD SERVICE FUND**  
**FOR THE YEAR ENDED JUNE 30, 2025**

	<b>Final Budget</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget</b>
<b>REVENUES</b>			
Local sources	\$ -	\$ 149,350	\$ 149,350
State sources	573,829	261,386	(312,443)
Federal sources	-	510,127	510,127
	<u>573,829</u>	<u>920,863</u>	<u>347,034</u>
<b>EXPENDITURES</b>			
Food service operations	<u>622,925</u>	<u>776,080</u>	<u>(153,155)</u>
	<u>622,925</u>	<u>776,080</u>	<u>(153,155)</u>
Excess (deficiency) of revenues over expenditures	(49,096)	144,783	193,879
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	<u>49,096</u>	<u>-</u>	<u>(49,096)</u>
Net change in fund balances	-	144,783	144,783
Fund balances - beginning	<u>-</u>	<u>(21,094)</u>	<u>(21,094)</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ 123,689</u>	<u>\$ 123,689</u>

See the accompanying independent auditors' report.

**EL PASO COUNTY SCHOOL DISTRICT #22**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**PUPIL ACTIVITY FUND**  
**FOR THE YEAR ENDED JUNE 30, 2025**

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
<b>REVENUES</b>			
Local sources	\$ -	\$ 292,321	\$ 292,321
Total revenues	-	292,321	292,321
<b>EXPENDITURES</b>			
Instruction	-	313,791	(313,791)
Total expenditures	-	313,791	(313,791)
Net change in fund balances	-	(21,470)	(21,470)
Fund balances - beginning	-	198,409	198,409
Fund balances - ending	<u>\$ -</u>	<u>\$ 176,939</u>	<u>\$ 176,939</u>

See the accompanying independent auditors' report.

**EL PASO COUNTY SCHOOL DISTRICT #22**  
**CAPITAL RESERVE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2025**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>REVENUES</b>			
Local sources:			
Other local sources	\$ -	\$ 647	\$ 647
Total revenues	-	647	647
<b>EXPENDITURES</b>			
Supporting services:			
Operation and maintenance	-	8,689	(8,689)
Total expenditures	-	8,689	(8,689)
Net change in fund balance	-	(8,042)	(8,042)
Fund balance - beginning	-	16,423	16,423
Fund balance - ending	<u>\$ -</u>	<u>\$ 8,381</u>	<u>\$ 8,381</u>

See the accompanying independent auditors' report.

## **STATE COMPLIANCE**



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

To the Board of Education  
El Paso County School District #22

We have audited the accompanying financial statements of the Debt Service Fund and we were engaged to audit the Governmental Activities, General Fund, and Aggregate Remaining Fund Information, of El Paso County School District #22, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the El Paso County School District #22's basic financial statements as listed in the table of contents. Our report thereon, dated March 19, 2026, expressed an unmodified opinion on the Debt Service Fund and a disclaimer of opinion over the Governmental Activities, General Fund, and Aggregate Remaining Fund Information.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the El Paso County School District #22's basic financial statements. The accompanying *Colorado School District/BOCES, Auditor's Integrity Report* is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the *Colorado School District/BOCES, Auditor's Integrity Report* is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*Hoelting & Company, Inc.*

Colorado Springs, Colorado  
March 19, 2026



Colorado Department of Education

Auditors Integrity Report

District: 1050 - Ellicott 22

Fiscal Year 2024-25

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
<b>Governmental</b>	+		-	=
10 General Fund	-1,106,022	14,927,075	13,038,252	782,801
18 Risk Mgmt Sub-Fund of General Fund	0	0	0	0
19 Colorado Preschool Program Fund	-70,764	643,644	416,231	156,650
<b>Sub- Total</b>	<b>-1,176,786</b>	<b>15,570,719</b>	<b>13,454,483</b>	<b>939,450</b>
11 Charter School Fund	0	0	0	0
20,26-29 Special Revenue Fund	0	0	0	0
06 Supplemental Cap Const, Tech, Main. Fund	0	0	0	0
07 Total Program Reserve Fund	0	0	0	0
21 Food Service Spec Revenue Fund	-21,094	920,863	776,081	123,689
22 Govt Designated-Purpose Grants Fund	0	0	0	0
23 Pupil Activity Special Revenue Fund	198,409	292,321	313,790	176,939
25 Transportation Fund	0	0	0	0
31 Bond Redemption Fund	726,956	210,649	174,068	763,537
39 Certificate of Participation (COP) Debt Service Fund	0	0	0	0
41 Building Fund	0	0	0	0
42 Special Building Fund	0	0	0	0
43 Capital Reserve Capital Projects Fund	16,424	647	8,690	8,381
46 Supplemental Cap Const, Tech, Main Fund	0	0	0	0
<b>Totals</b>	<b>-256,092</b>	<b>16,995,199</b>	<b>14,727,111</b>	<b>2,011,996</b>
<b>Proprietary</b>				
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
<b>Totals</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Fiduciary</b>				
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
<b>Totals</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

FINAL