



2024-2025 Annual

Financial Report

EL PASO COUNTY SCHOOL DISTRICT 3
1820 Main Street
Colorado Springs, CO 80911

ANNUAL FINANCIAL REPORT
For the fiscal year ended June 30, 2025

BOARD OF EDUCATION

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SUPERINTENDENT

Aaron Hoffman

Prepared By:

BUSINESS AND FINANCE OFFICE

Terry Kimber
Chief Financial Officer

Olivia Boudreau
Finance Manager

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Terry Kimber, Chief Financial Officer

1820 Main Street, Colorado Springs, CO 80911 Phone (719) 391-3026 Fax (719) 391-3037

October 31, 2025

To the members of the Board of Education, the Superintendent and Citizens of Widefield School District 3:

State law requires that school districts publish, within six months after the close of each fiscal year, a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. State law also requires that this report must be submitted to the Board of Education within five months after the close of the fiscal year. Pursuant to that requirement, we hereby issue the annual financial report of El Paso County School District 3 for the fiscal year ended June 30, 2025.

This report consists of management's representations concerning the finances of the district. Consequently, management assumes full responsibility for the completeness and reliability of the information presented in this report. To provide a reasonable basis for making these representations, district management has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse, and to compile sufficient reliable information for the preparation of the district's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the district's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

El Paso County School District 3's financial statements have been audited by *Hoelting & Company, Inc.*, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the district for the fiscal year ended June 30, 2025 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based on the audit, that there was a reasonable basis for rendering an unmodified opinion that the district's financial statements for the fiscal year ended June 30, 2025 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

Mr. Aaron Hoffman, Superintendent

The independent audit of the district's financial statements was part of a broader, federally mandated Single Audit designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the district's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. Due to a delay in the issuance of the 2025 compliance supplement by the federal government, the single audit reporting package will be issued in a separate report once the 2025 compliance supplement has been made available.

Generally accepted accounting principles (GAAP) require that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The district's MD&A can be found immediately following the report of the independent auditors.

The district's annual financial report incorporates the reporting model prescribed by the Governmental Accounting Standards Board (GASB) Statement 34. This approach emphasizes the use of government-wide financial statements, in addition to fund financial statements, enabling the reader to obtain an overview of the district's financial position and results of operations.

Profile of the District

El Paso County School District 3, an independent school district, provides a full range of school programs and services authorized by Colorado state statute. This includes pre-kindergarten through 12th grade education in elementary, junior and senior high schools; special education for disabled students, gifted and talented programs, vocational, on-line, adult education, preschool, and other educational programs.

The Board of Education has significant control over one legally separate entity. James Madison Charter Academy charter school is deemed to be a component unit of the district and its financial data has been included in the government-wide financial statements. James Madison Charter Academy receives a proportionate share of state equalization revenue, mill levy override revenue and impact aid revenue based on the number of students enrolled at the charter school.

This report includes all funds, organizations and activities with which the Board of Education has significant relationships as further described in Note 12 and 13 of the notes to the basic financial statements.

The annual budget serves as the foundation for the district's financial planning and control. An adopted budget is developed based on budget requests of individual departments of the district. The business and finance office presents the adopted budget to the Board of Education for review. Public hearings are held on the adopted budget, and a final budget is approved no later than June 30, the close of the district's fiscal year.

The appropriated budget is prepared by fund, function and department. Budget-to-actual comparisons are provided in other supplementary information for each non-major governmental fund for which an appropriated annual budget has been adopted.

The district maintains 18 school buildings and 1 vocational training center (MILL). The oldest buildings are North Preschool and Widefield Elementary, both of which were constructed in 1956. The newest school building is Grand Mountain, a Pre K-8 school, constructed in 2019. Martin Luther King Elementary was completely remodeled in 2014.

Local Economy

While Widefield School District 3 enjoys a strong and trusting partnership with its community, there is very little industry and therefore the district has a low tax base and assessed value. However, the district benefits from its proximity to Fort Carson, a large U.S. Army base contiguous to the school district to the west and south. There are approximately 25,000 active-duty military personnel assigned to Fort Carson. Those soldiers bring with them 30,000 family members; Widefield provides education for 1,282 children of active-duty soldiers.

Student Enrollment Trends

Widefield School District 3 has experienced slow trend down in its student full-time equivalency (FTE) enrollment. The enrollment dropped from 9,378 for the 2023-2024 school year to 9,293 for 2024-2025. The enrollment decrease was 85 students and 86.50 FTE. The State affords districts with declining enrollments to access 5-year averaging. With the new School Finance Act (SFA), 4 -year averaging will be in place for 25-26. Funding FTE was down 110 student FTE as the largest of the years for averaging rolled off. Enrollment has not returned to pre-COVID-19 Pandemic levels which is the trend nationally. The district is still anticipating steady long-term growth. The areas to the south and east of the district are in the process of growth but at a slower pace than prior to COVID. These areas include Lorson Ranch, The Glen, and Bradley Heights subdivisions. New areas are being prepared in the eastern part of the district for new housing developments as well. The District is currently tracking growth very diligently but with the recession causing a major increase in home mortgage rates, building has significantly slowed. This has caused a stabilization in enrollment for 25-26 with a projected increase of approximately 50 FTE

School Finance and Legislative Activity

Colorado school finance formulas consist of three main components: the legislatively controlled funding amount per pupil, the number of pupils in the district, and the number of students eligible for free lunch. When Amendment 23 was passed by Colorado voters in November 2000, school districts were promised an inflationary increase of per pupil base funding plus 1% for 10 years. The additional 1% ended in fiscal year 2011. The inflationary increase is based on the Denver-Boulder consumer price index (CPI) of the prior calendar year. The CPI increase for 2024 was 5.2% leading an increase funding for the 2024-2025 school year.

For fiscal year 2024-2025, the State General Assembly passed a new school finance formula that went into effect for the 25-26 school year. This new formula adds factors for special education students as well as modifying previous factors. This will be a positive for WSD3 as the formula gets implemented over the following 6 years.

The PPR Funding for the 2024-2025 fiscal year increased to \$10,761 from the 2023-2024 PPR amount of \$10,126 per FTE. Funding for 2025-2026 is anticipated to increase by approximately \$425 per

student with a 15% implementation of the new SFA. Inflation for Amendment 23 came in at 2.3%.

TABOR – Article X, Section 20 of the state constitution creates limitations on general operating property tax revenue increases from one year to the next. Restrictions also apply to certain spending levels and revenue levels from one year to the next. Both limitations are determined by the sum of the increases or decreases in the Denver-Boulder CPI and the actual growth rate (change in the number of students). A declining enrollment actually lowers the maximum level by which revenue and spending may increase.

Local voters within each Colorado school district may, through a majority vote, temporarily or permanently override either or both negative impacts created by the school finance act and TABOR. The voters in District 3 passed an amendment in November 1999 allowing the district to retain excess revenues in that and all future years. In November 2002 the voters approved a permanent mill levy override. A second mill levy override and a bond issue were approved in November 2017.

Total revenue for the General Fund is \$122.33 million for fiscal year 2024-2025, which is an increase of approximately \$3.04 million more than actual revenues for fiscal year 2023-2024. Total fund balance is decreasing by approximately \$3.89 million for 2024-2025. The General Fund was budgeted to decrease by nearly \$24.88 million.

The district is committed to an ongoing review of its programs and services for both effectiveness and efficiency. To accomplish this, the district examines how to best provide essential services on a cost-effective basis and to redirect resources to schools. The following priorities for the 2023-2024 fiscal year are consistent with this philosophy:

- Safety and Security of our staff and students placing an armed security guard at each school.
- In the fall of 2002, the district passed a mill levy override of \$3.95 million. The additional dollars were needed to take care of four initiatives: increased student achievement; reduce and/or maintain class size; improve reading, writing and math resources (instructional coaches); and attract and retain top-quality professionals.
- In November of 2017, the district passed a second mill levy override that when combined with the 2002 MLO would generate 10% of the Total Program Revenue. State law allows for a maximum of 25% of total program.

Cash management policies and practices

The district maintains its surplus cash in various investment vehicles with varying annual rates of return.

Since 2003, the district has followed an active investment approach with the portfolio managed by the district's Finance Department, assisted by an external investment advisor. The Board of Education has implemented its investment policy, including significant investment procedures to assist with the prudent management of the portfolio.

The district's principal investment objectives include preservation of capital and protection of investment principal; maintenance of sufficient liquidity to meet anticipated cash flows; diversification to avoid incurring unreasonable market risks; attainment of a market value rate of return; and conformance with all applicable district policies and state and federal regulations. These objectives ensure that the district's funds are invested in authorized securities and diversified as to not incur unreasonable risks inherent in over-investing in specific instruments, individual financial institutions or maturities. The district maintains its investments in various securities in order to not exceed stated guidelines concerning the authorized limit on investments of one type of security.

For fiscal year 2024-2025, cash was invested primarily in U.S. government treasuries and agencies, and the Colorado Local Government Liquid Asset Trust (COLOTRUST).

Mill Levy overrides

A mill levy override was approved by voters in November 2002. The following four initiatives were included:

- Increased student achievement
- Reduce and/or maintain class size
- Improve reading, writing and math resources (instructional coaches)
- Attract and retain top-quality professionals

In November 2017, the voters overwhelmingly passed a second mill levy override to local property tax funding. When combined with the 2002 override the two equal 10% of the School Finance Act total program. The total mill levy override funding collected for 2024-2025 decreased slightly (\$239,211) to \$9,699,953 and \$79,044 was transferred to JMCA, the District's lone charter school.

These additional funds were used to support the following initiatives:

- Staff salary increases
- Minimum wage salary increase
- District support for employee health insurance
- Technology
- Curriculum resources
- Elementary support staff
- School building budgets
- PLTW pathway teachers
- Robotics program
- Support for staffing Grand Mountain School

Acknowledgements

We express gratitude to those who assisted in the preparation of this report, which would not have been possible without the dedicated efforts of the Finance Department staff. We commend Superintendent Aaron Hoffman, and the Board of Education for their interest and support in planning and conducting the financial operations of the district in a responsible and progressive manner.

We also thank the independent auditors from the certified public accounting firm of *Hoelting & Company, Inc.* for their careful review of this document. Their assistance was invaluable in finalizing the report.

We offer special thanks to the following district employees, whose efforts and contributions made the preparation of the fiscal year 2024-2025 Annual Financial Report a success:

Widefield School District 3 Finance Office

Kate Martin, Payroll Manager
Denise Atlas, Staff Accountant
Liza Vondriska, Accounts Payable
Julie Runia, Secretary
Rene Swindale, Payroll/Benefits

Respectfully submitted,



Terry Kimber
Chief Financial Officer



Olivia Boudreau
Finance Manager

**SUPERINTENDENT’S CABINET
2024-2025**

Aaron Hoffman.....Superintendent

Kirk Vsetecka.....Assistant Superintendent

David Gish.....Chief Operations Officer

Tricia Bentley..... Executive Director of Elementary Student Learning

Steffanie Howell.....Executive Director of Secondary Student Learning

Amy Roden.....Executive Director of Human Resources

Megan Houtchens.....Executive Director of Student Achievement

Rachel LakeExecutive Director of Special Education

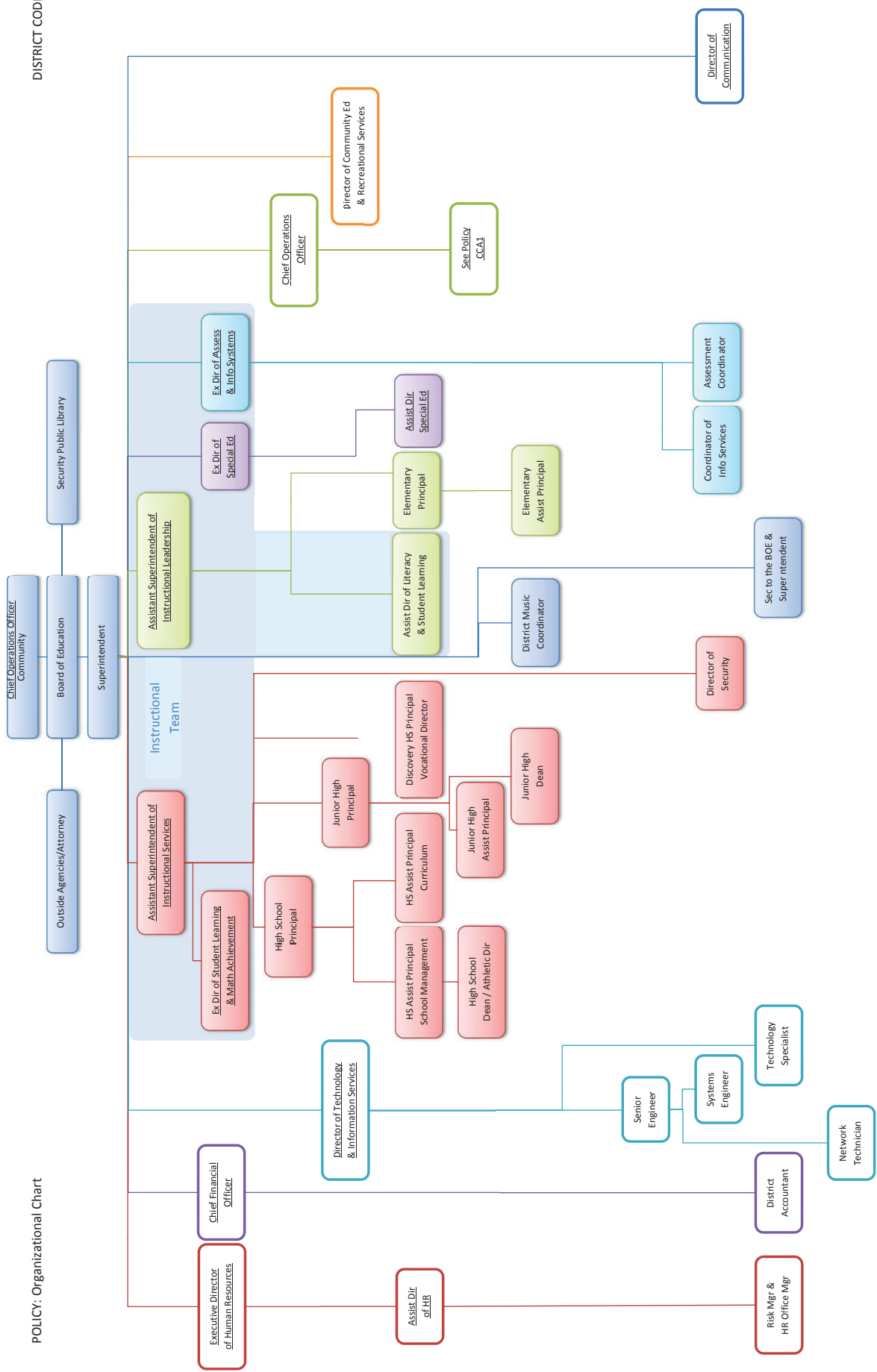
Sam Briggs.....Director of Communication

Terry Kimber.....Chief Financial Officer

Carlos Lopez.....Director of Technology

POLICY: Organizational Chart

DISTRICT CODE: CCA



Administration

Administrative Support

Revised: 10/15

DISTRICT CODE: CCA



INDEPENDENT AUDITORS' REPORT

To the Board of Education
El Paso County School District No. 3

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the El Paso County School District No. 3, 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 No. 3's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the El Paso County School District No. 3, 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 Opinions

We conducted our audit 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 the El Paso County School District No. 3 and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the El Paso County School District No. 3's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the El Paso County School District No. 3's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the El Paso County School District No. 3's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and 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 No. 3's basic financial statements. The accompanying combining and individual fund statements and schedules are 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 accompanying 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
October 31, 2025

Management's Discussion and Analysis

As management of El Paso (Widefield) School District 3, we offer readers of the District's annual financial report this narrative overview and analysis of the District's financial activities for the fiscal year ending June 30, 2025. We encourage readers to consider the information presented here in conjunction with additional information furnished in our letter of transmittal.

Financial Highlights

- The District's total net position decreased \$2,882,446 during fiscal year 2024-2025. A significant impact every year is due to GASB Statement No. 68. (PERA Reporting). See notes nine and ten to the financial statements for additional information.
- At the close of the current fiscal year, the District 's *governmental funds* reported combined ending fund balances of \$45,066,040, compared to \$48,505,332 at the close of the prior fiscal year. This decrease is mainly due the strategic use of fund balances in the General Fund.
- On June 30, 2025, the General Fund reported a non-spendable fund balance of \$256,833. All governmental funds' total restricted fund balances were \$11,631,157, including \$4,620,000 in the General Fund and \$7,011,157 in the Bond Redemption Fund. The total General Fund unassigned fund balance decreased by \$2,536,048 to \$15,365,157 on June 30, 2025. This includes a restriction of \$375,000 for the buyout of the Peyton/Widefield Mill Partnership.

Overview of the Financial Statements

This discussion and analysis serves as an introduction to El Paso County School District 3'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 besides 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 of the District's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a valuable indicator of changes in the District's financial position. Current and previous year information is presented for comparison.

The *statement of activities* presents information reporting how the District's net position changed during the fiscal year 2024-2025. 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 for future fiscal periods. Earned but unused vacation leave and uncollected taxes are examples of these items.

Both government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The District's governmental activities include instruction, pupil activities, instructional support, general and school administration, business and central services, and transportation. Production printing activities, reported in the Internal Service Fund, are considered governmental activities. Currently, the District has no business-type activities.

Fund Financial Statements

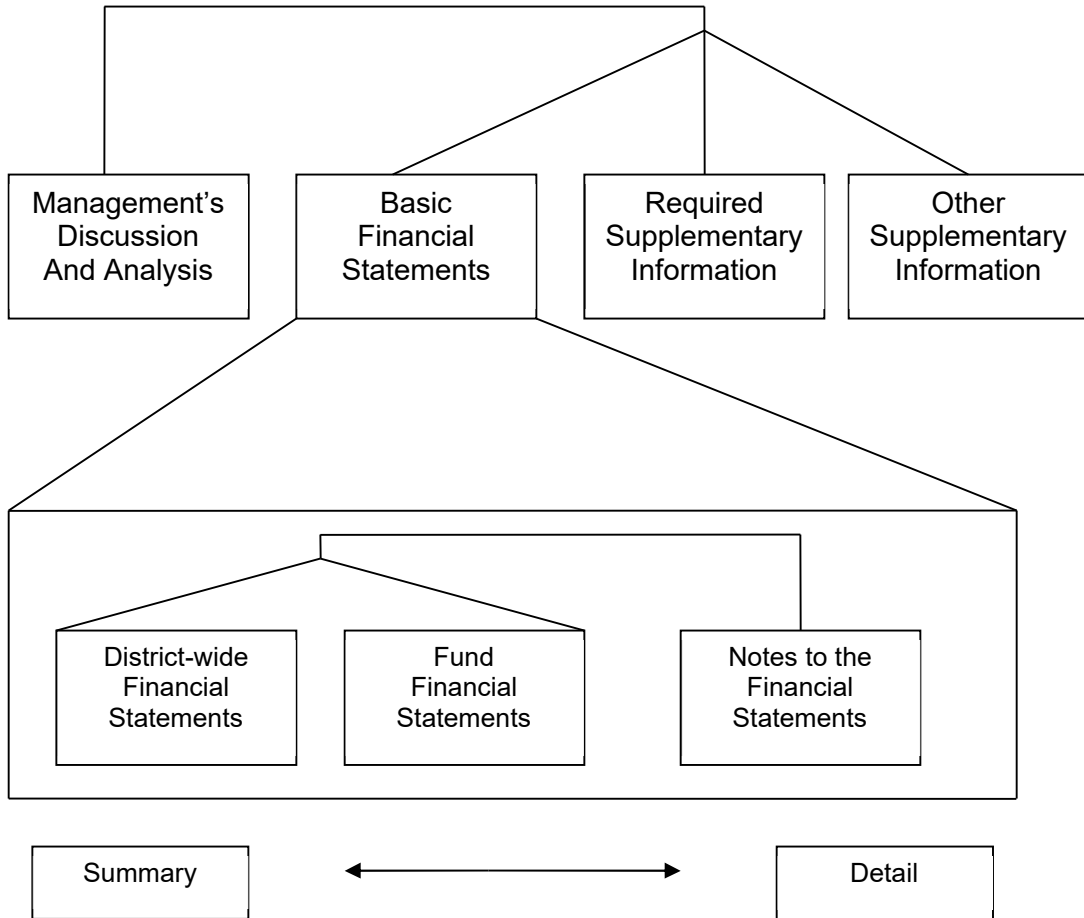
A *fund* is a grouping of related accounts used to maintain control over resources segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All District funds can be divided into two categories: governmental funds and fiduciary funds.

Governmental funds. *Governmental funds* account for the same functions reported as *governmental activities* in the district-wide financial statements. However, unlike government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources* and *balances of spendable resources* available at the end of the fiscal year. Such information may help evaluate the District's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is beneficial to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. The governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The District maintains nine individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the General Fund, Widefield Parks and Recreation, Building Fund, and Bond Redemption, which are treated as *major funds*. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for these *non-major* governmental funds is provided by *combining statements* as other supplementary information in the report.

Organization of El Paso County School District No. 3 Annual Financial Report



This figure shows how the various parts of this annual report are arranged and related to one another.

Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional information essential to fully understanding the data provided in the government-wide and fund financial statements.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report presents certain *required supplementary information* (RSI) concerning the District. The District adopts an annual appropriated budget for all funds. A budgetary comparison schedule has been provided for the General Fund to demonstrate compliance with this budget.

Other Supplementary Information

The combining statements referred to earlier concerning non-major governmental funds are presented immediately following the required supplementary information.

Financial Analysis of the District as a Whole

- As noted earlier, net position over time may be a valuable indicator of the District's financial position. As of June 30, 2025, liabilities and deferred inflows exceeded assets and deferred outflows by \$55,239,637.
- By far, the most significant portion of the District's net position reflects its \$148,393,209 in pension liability and deferred inflows reported per GASB Statement No. 68 and GASB Statement No. 75 (Accounting for Post-Employment Benefits or OPEB) of \$4,255,808. These resulted in additional liabilities for the 2024-2025 fiscal year. Other increases were due to small increases in outstanding liabilities. Long Term Debt was paid as scheduled and can be found in the accompanying note 8.

Governmental Activities. Governmental activities decreased the District's net position by \$2,882,446 compared to an increase of \$2,583,966 for the previous fiscal year, mainly due to GASB 68 and GASB 75 (PERA Liabilities) and the increase in net investment in fixed assets. Key elements of this increase follow:

- The cost of all governmental activities for fiscal year 2024-2025 was \$150,545,213, compared to \$143,286,663 for the previous fiscal year. This increase was mainly due to increased State funding. Student enrollment did decrease following national and regional trends.
- For fiscal year 2024-2025, governmental activities were financed with \$38,427,839 in property taxes, \$3,754,786 in specific ownership taxes, and \$74,111,294 in unrestricted state equalization based on the statewide education funding formula. For comparison, in fiscal year 2023-2024, this portion of governmental activities were financed with \$37,397,448 in property taxes, 3,496,324 specific ownership taxes, and \$70,293,665 of unrestricted state equalization.
- Users of some of the District's governmental programs financed \$3,692,919 for the fiscal year 2024-2025 compared to \$3,426,862 for the previous fiscal year.
- The federal and state governments subsidized specific programs with operating grants and contributions totaling \$22,771,927 for fiscal year 2024-2025 compared to \$25,917,106 for fiscal year 2023-2024. This decrease can be attributed to lower federal allocations for Title and IDEA.
- District and state taxpayers financed most District governmental activities.

Economic Factors and Next Year's Budget

Widefield School District 3 (WSD3), like many public-school districts, faces a number of economic forces that significantly influence its budget. These forces affect how much funding the district receives and how it can allocate resources for staff, infrastructure, and programs. Below are key factors for the 2024-25 school year and with an eye to the 2025-26 budget.

1. Local Property Taxes

- **Primary Revenue Source:** A significant share of the district's funding is derived from local property taxes — especially the “local share” of school finance funding and any local mill levy overrides.
- **Impact of Housing Market and Assessed Value (AV):** If property values rise (through new development, increases in assessed value, commercial growth), then the local property tax base expands, potentially increasing revenue. If property values stagnate or fall (or assessed values grow more slowly), the district may face revenue shortfalls or slower growth in local funding.
- **Residential Growth:** On the eastern side of WSD3 (for example, new subdivisions in the City of Fountain / El Paso County) the district is experiencing or monitoring growth. New housing developments bring additional students, which will require increased funding for new classrooms, teachers, and support. However, the pace of growth is currently being tempered by inflation, higher mortgage interest rates (over 6.5 % in some cases), and infrastructure constraints (water/sewer lines) — meaning growth may be slower than earlier forecasts.
- **Commercial/Industrial Assessed Value:** WSD3 benefits especially if large commercial/industrial developments (such as large warehouses, distribution centers) come online, because they increase the assessed value and thus local tax base, which can ease pressure on residential taxpayers and free up local capacity for school funding.

2. State Funding and Economic Conditions

- **State Per-Pupil Funding:** The state of Colorado provides funding to school districts based in part on per-pupil counts and other formula factors. For the 2024-25 school year, Colorado has taken the step of *fully eliminating the Budget Stabilization Factor (BSF)* for school finance — meaning the reduction mechanism that schools faced for many years is no longer applied for this budget year.
- **New Funding / Base Amounts:** Under Senate Bill 24-188 (for 2024-25) the statewide base per-pupil funding was increased by the inflation factor (5.2%) or about \$420 to set a new base of \$8,496.38.
- **New School Finance Formula Coming:** The Legislature has passed a revamped school finance formula (via House Bill 24-1448 and House Bill 25-1320) which will begin implementation in 2025-26 and be phased in over six–seven years. The formula is more “student-centered” (taking into account factors such as English Language Learners, special education, at-risk students) reducing the impact of the district cost-of-living factors.
- **Budget Stabilization Factor (BSF) / “Negative Factor”:** The BSF mechanism, which for many years reduced what the state otherwise “should” have funded under the formula, has been eliminated for FY 2024-25 (marking the first time since around 2009 that schools are fully funded as intended under the formula). However — the BSF remains “on the books” (i.e., the statutory mechanism remains) and could be re-activated if state revenues falter in a future year.
- **Economic Conditions & State Budget Outlook:** The state economic forecasts show that while Colorado's economy continues to grow, growth is slowing. Inflation has moderated, but many costs (for schools and elsewhere) remain elevated. Also, the 2025-26 budget outlook suggests significant pressure — the state projects declines or tightness in revenues, which could constrain school funding growth. This very well could impact the implementation timeline for the new school finance act for 26-27.
- **Implications for WSD3:** For WSD3 this means—the district may benefit from more stable state funding in 2024-25 (because of BSF elimination) but must be cautious about future growth in state funding, especially in 2025-26 when the new formula begins and when

state revenue pressures may come into play. It was scheduled to be implemented at 18% for 25-26 but was reduced to 15%.

3. **Federal Funding and Grants**

- **Federal Aid Impact:** WSD3 receives federal funding (for example via Title I, IDEA, ELL programs) which support students from low-income families, special education services, and English Language Learners. These funds are important supplements to state/local funding.

4. **Inflation and Rising Costs**

- **Staff Salary & Benefits Costs:** With cost-of-living pressures (particularly housing costs in the region), WSD3 must remain competitive in staff salaries and benefits (teachers, support staff, special services). Inflation also affects benefit costs (e.g., health insurance premiums, retirement costs).
- **Materials, Infrastructure & Technology Costs:** Construction, renovation, and technology costs have been elevated due to supply chain constraints and inflation in materials. For example, purchasing of new equipment, remodeling, maintenance, transportation fuel, etc., all cost more than in prior years.
- **Implications:** WSD3's budget must absorb inflationary pressure—meaning that even flat funding effectively buys less each year. The district may need to prioritize cost containment, efficiencies, and proactive maintenance/investment planning to avoid deferred maintenance.

5. **Student Enrollment Trends**

- **Enrollment Growth:** WSD3 is monitoring growth, especially on the eastern side of the district (e.g., new housing subdivisions). If enrollment increases, state funding (based on per-pupil counts) and local planning must adapt — more classrooms, teachers, support services.
- **Enrollment Declines or Slow Growth:** Nationally and statewide, some districts are facing slow or even declining enrollment (due to demographic shifts). In Colorado, the new formula changes also account for the student-count averaging and “hold harmless” protections. For WSD3, if growth is slower than projected, this could reduce state funding growth, increase per-pupil costs, and put pressure on budgets.
- **Implications for WSD3:** The district must continuously monitor enrollment trends (both growth and retention) and plan for variable scenarios. Housing growth may bring new students, but downturns in growth or slower pace of development could limit revenue growth and increase cost per student.

6. **Pension and Retirement Liabilities**

- **Public Employees' Retirement Association of Colorado (PERA):** WSD3 contributes to the state's pension system for eligible employees. If PERA contribution rates increase (due to investment under-performance, unfunded liabilities, legislative changes) then more district budget dollars will go toward retirement contributions rather than direct instruction or support.
- **Unfunded Liabilities:** If pension funds are under-funded or if required contributions rise significantly, the district will have less flexibility in other areas—requiring either increased local/district revenue or budget reductions elsewhere.
- **Implications:** WSD3 must continue to monitor PERA contribution schedules and possible legislative changes, and include those potential increases in its long-term budget planning.

7. **Health Care and Benefits Costs**

- **Rising Insurance Costs:** Health care costs continue to escalate, driven by inflation, new technologies, and higher utilization. Providing competitive benefits to retain teachers/support staff is increasingly costly.
- **Staff Retention:** Benefits are a critical tool in attracting and retaining high-quality staff. If WSD3 cannot maintain or enhance benefits, it may struggle with staff turnover, which can impact student achievement and cost more in recruitment/training.
- **Implications:** The district budget must include realistic projections for benefits cost growth, and factoring in staff retention strategies is important in a competitive labor market.

8. Unfunded Mandates

- **State and Federal Mandates:** WSD3 must comply with state and federal requirements (e.g., special education services/IDEA, ELL services, standardized testing reporting, literacy interventions) that sometimes come without full funding to cover cost.
- **Implications:** These mandates require allocation of district resources (staff time, training, curriculum, materials) that may not be reimbursed fully by state/federal funds — meaning WSD3 must either absorb the cost or reduce other services. The district budget must account for these “hidden” cost pressures.

9. Bond Measures and Capital Projects

- **Voter-Approved Bonds/Mill Levy Overrides:** To address large-scale capital needs (new school construction, major renovation, technology infrastructure), the district often relies on voters approving bonds or mill levy overrides. Economic conditions, voter sentiment, and local property tax dynamics influence whether measures succeed. The November 2025 election will have an \$88 million bond question. The proceeds would support remodel of North Preschool, air conditioning for schools with no or limited airflow, major electrical and remodel for WHS, and other needed projects throughout the District to shore up our aging buildings
- **Implications:** For WSD3, new housing growth and commercial development may increase demand for new facilities; at the same time, rising construction costs and slower growth may stretch timelines/costs. The district should plan capital projects with contingencies, timing them to align with growth and funding capacity.

10. Economic Development and Employment Trends

- **Local Economic Health:** The overall health of the local economy (job creation, business development, commercial investment) influences district finances — stronger economy, higher property values, more tax revenues, more stable district funding. A downturn or slower growth means more pressure.
- **Military Families:** Given proximity to Fort Carson and other military installations, WSD3 may serve significant numbers of military families. Relocations, base realignment, or contract changes affecting military families can impact enrollment and district revenue.
- **Implications:** The district should monitor regional economic development, commercial/industrial expansion (especially around airports, logistics centers), and military postings/relocations as part of enrollment & revenue planning.

Conclusion

WSD3’s budget is influenced by a complex combination of local, state, and national economic factors. The interplay of property tax growth (and housing/commercial development), state funding mechanisms (including the new school finance formula and elimination of the BSF), inflationary cost pressures, enrollment trends, and mandated program costs all contribute to budget stress and opportunity.

For the 2024-25 school year, the district is in a comparatively favorable moment: the BSF has been eliminated, the state has increased base funding, and growth opportunities exist. However, beyond 2024-25 and into 2025-26 and later, the district must be proactive, because:

- The new school finance formula begins full implementation in 2025-26 (with a multi-year phase-in) and may shift how funding flows between districts.
- State revenues are under pressure (a projected shortfall of roughly \$1 billion has been noted) which may constrain growth in school funding or necessitate changes.
- Cost pressures continue (inflation, benefits, infrastructure) regardless of revenue.
- Enrollment growth remains uncertain: while housing development continues, factors like inflation, mortgage interest rates, and infrastructure constraints (water/sewer) may slow growth.
- The capital needs for new schools/renovation remain, and the district must balance between growth, cost, and voter willingness for bonds or overrides.

In short: strategic planning, scenario budgeting (both for “growth favorable” and “growth slower” cases), close monitoring of enrollment and assessed values, and community engagement (for bonds, overrides,

support) will remain critical to ensure WSD3 can meet student needs while managing financial pressures effectively.

In order to stay competitive for the limited number of teachers and special service providers, to continue our push for student and staff safety, and to account for impending state budget cuts, the District will have a Mill Levy Override ballot question on the November ballot.

EL PASO COUNTY SCHOOL DISTRICT NO. 3
CONDENSED STATEMENT OF NET POSITION
For June 30, 2025 and 2024

	Governmental Activities	
	2025	2024
Current & other assets	\$ 55,092,065	\$ 61,280,215
Capital assets	128,980,884	129,438,489
Total assets	<u>184,072,949</u>	<u>190,718,704</u>
Deferred outflows of resources	<u>39,891,220</u>	<u>60,999,602</u>
Other liabilities	9,563,342	12,716,062
Long-term liabilities outstanding	<u>254,832,748</u>	<u>280,433,580</u>
Total liabilities	<u>264,396,090</u>	<u>293,149,642</u>
Deferred inflows of resources	<u>14,807,716</u>	<u>10,925,855</u>
Net position		
Net investment in capital assets	56,617,714	54,497,941
Restricted	11,631,157	11,354,435
Unrestricted	<u>(123,488,508)</u>	<u>(118,209,567)</u>
Total net position	<u>\$ (55,239,637)</u>	<u>\$ (52,357,191)</u>

Condensed Statement of Changes in Net Position
For June 30, 2025 and 2024

	Governmental Activities	
	2025	2024
<u>Revenues</u>		
Program revenues		
Charges for services	\$ 3,692,919	\$ 3,426,862
Operating grants & contributions	22,771,927	25,917,106
Capital grants and contributions	333,766	389,604
General revenues		
Property and specific ownership taxes	42,182,625	40,893,772
State equalization	74,111,294	70,293,665
Other	4,570,236	4,949,620
Total revenues	<u>147,662,767</u>	<u>145,870,629</u>
<u>Expenses</u>		
Instruction	78,225,806	74,419,364
Supporting services	62,249,253	59,295,697
Food Services	5,083,511	4,687,227
Community services & miscellaneous	2,558,003	2,430,300
Facilities acquisition & construction	158,431	249,363
Interest and fiscal charges	2,270,209	2,204,712
Total expenses	<u>150,545,213</u>	<u>143,286,663</u>
Change in net position	<u>(2,882,446)</u>	<u>2,583,966</u>
Beginning net position as restated	<u>(52,357,191)</u>	<u>(54,941,157)</u>
Ending net position	<u>\$ (55,239,637)</u>	<u>\$ (52,357,191)</u>

Financial Analysis of the District's Funds

Governmental Funds. The focus of the District's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information helps assess the District's financing requirements. In particular, *unreserved fund balance* may serve as a valuable measure of the District's net resources available for spending at the end of the fiscal year.

General Fund

The General Fund is the District's primary operating fund, providing the majority of the resources for educational and support programs. Revenues for the General Fund totaled \$122,330,903 in fiscal year 2024-2025, compared to \$119,290,102 in fiscal year 2023-2024, an increase of 2.55%. The following table reflects the amount of revenue from various sources. Most of the increase was due to increases in Per Pupil Revenue from the School Finance Act, from the 8% inflationary factor netted against enrollment decreases.

Revenues	FY 2024-2025	FY 2023-2024	Amount of Change	Percentage of Change
Property taxes	\$ 31,081,206	\$ 31,575,642	\$ (494,436)	-1.57%
Specific ownership taxes	3,399,579	3,158,417	241,162	7.64%
State of Colorado				
Equalization	74,111,294	70,293,665	3,817,629	5.43%
Other state sources	9,970,296	9,414,071	556,225	5.91%
Federal	1,524,311	1,794,912	(270,601)	-15.08%
Other sources	2,244,217	3,053,395	(809,178)	-26.50%
Totals	<u>\$ 122,330,903</u>	<u>\$ 119,290,102</u>	<u>\$ 3,040,801</u>	<u>2.55%</u>

Property Taxes. The 2025 General Fund property tax revenues were based upon a levy of 37.628 mills applied against an assessed valuation of \$846,039,950, while the 2024 General Fund property tax revenues were based upon a levy of 36.085 mills applied against an assessed valuation of \$853,575,820.

Specific Ownership Taxes. A specific ownership tax is applied to the fair value of vehicles registered in Colorado. The tax is collected when vehicle owners renew their registrations each year. For fiscal year 2024-2025, specific ownership tax collections increased by approximately 7.64%.

State Equalization. State equalization revenue increased by 5.43% in fiscal year 2024-2025. State equalization revenue is the primary source of revenue for the General Fund, and it provided 60.58% of total General Fund revenue, up from 58.92% in 2023-2024. A new payment mechanism for districts who rely on a significant portion of their PPR from State Equalization was put in place beginning in 24-25. Payments are received monthly at generally 1/9th of the annual state estimated equalization payments. These payments help until property taxes are received in the spring of each year. In comparison, local property taxpayers provided approximately 25.41% toward funding public education in the District based on the regular mill levy. The local property tax is growing with the commercial property around the airport and reducing the state's share of PPR revenue.

Other State Sources. Other sources include state vocational revenue, state special education revenue, and other miscellaneous state revenues. PERA's direct contribution of \$1,431,564 is included as a revenue and expense in these financial statements per accounting practices.

Federal Sources. Federal sources of revenue consist of grant funds received from Federal Impact Aid in lieu of property tax revenues. The Federal Impact Aid revenues fluctuate from year to year based on the number of District students whose parents are associated by residence or employment to federally owned land.

Other Sources. Other revenue sources include investment income, tuition, and miscellaneous revenue. The amounts vary from year to year based on investment returns, the number of students enrolled in tuition-paying programs, and the receipt of miscellaneous revenue.

Expenditures

The General Fund's expenditures in fiscal year 2024-2025, including the accrual for teacher salaries and benefits, totaled \$123,661,359 compared to \$115,356,199 in fiscal year 2023-2024. This represents an increase of 7.2 from fiscal year 2023-2024. The following table compares expenditures for fiscal years 2024-2025 and 2023-2024 using the GAAP basis of accounting.

<u>Expenditures</u>	<u>FY 2024-2025</u>	<u>FY 2023-2024</u>	<u>Change</u>	<u>Change</u>
Instruction	\$ 67,349,664	\$ 61,787,954	\$ 5,561,710	9.00 %
Supporting services				
Student services	11,510,324	9,990,102	1,520,222	15.22
Instructional support	6,146,097	6,070,792	75,305	1.24
General administration	1,167,498	1,238,378	(70,880)	(5.72)
School administration	9,722,080	8,896,626	825,454	9.28
Business services	1,709,784	1,411,441	298,343	21.14
Maintenance & operations	13,811,349	13,026,056	785,293	6.03
Student transportation	5,264,556	4,923,006	341,550	6.94
Central services	6,438,767	6,651,871	(213,104)	(3.20)
Other support services	402,539	1,157,343	(754,804)	(65.22)
Debt Service	138,701	202,430	(63,729)	(31.48)
Totals	<u>\$ 123,661,359</u>	<u>\$ 115,355,999</u>	<u>\$ 8,305,360</u>	<u>7.20 %</u>

Instruction. Instruction expenditures for fiscal year 2024-2025 were \$67,349,664, 9% higher than fiscal year 2023-2024.

Supporting Services. Combined supporting services expenditures for the fiscal year 2024-2025 increased from \$53,568,245 to \$56,311,695, resulting in approximately a 5.1% increase from the fiscal year 2023-2024.

Bond Redemption Fund

The Debt Service Fund is used to account for the requirements of the District's general obligation bonds. The primary revenue source for the Bond Redemption Fund is a voter-approved floating mill levy (4.700 mills for the fiscal year 2024-2025, which generated \$4.18 million to satisfy principal and interest requirements on the District's general obligation debt). There was an increase in fund balance of \$846,722 for the current fiscal year. The District's bonded debt limit is set by Colorado statute at 20% of assessed property valuation. The District's total bonded debt on June 30, 2025, is \$41,570,000 compared to \$43,160,000 on June 30, 2024. In March of 2021, the District refinanced a portion of the 2018 series bonds for a net savings of \$2.3 million to taxpayers over the remaining life of the bonds. The General Obligation Debt Limit for the fiscal year ending June 30, 2025, was \$128,162,198.

Other Governmental Funds

Summary information for other governmental funds of Widefield School District 3 is listed below for the fiscal year 2024-2025

<u>Other Funds</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>Net Change in</u>
<u>Governmental Funds</u>			<u>Fund Balances</u>
Designated-Purpose Grants	\$ 5,312,826	\$ 5,312,826	-
Pupil Activity	2,455,723	2,187,162	268,561
Food Service	5,647,596	5,027,210	620,386
Conservation Trust	366,632	432,656	(66,024)
Totals	<u>\$13,782,777</u>	<u>\$ 12,959,854</u>	<u>\$ 822,923</u>

The Designated-Purpose Grants Fund is used for grants awarded to the District for a specific purpose. The 2024-2025 revenues of \$5,312,826 match expenditures for the year, compared to \$7,257,949 for fiscal year 2023-2024.

The Pupil Activity Fund accounts for school-sponsored pupil intra-scholastic and inter-scholastic athletic and related events. Revenues from pupil and other fund-raising activities fund the annual Pupil Activity Fund expenditures. Due to accounting practice changes, these funds were moved from the Fiduciary Fund type to a Special Revenue fund type.

The Food Service Fund is used to account for all financial activities associated with the district meal programs. Food Service Fund revenues typically come primarily from charges to users throughout the District and reimbursement for meal expenses under the Federal Child Nutrition Act. Fiscal year 2024-2025 revenues totaled \$5,647,596 (\$5,090,634 for the previous fiscal year), with federal government lunch reimbursements totaling \$3,980,502 (\$3,257,074 for fiscal year 2023-2024). In 2024-2025, the State is now funding breakfast and lunch for any student who wishes to receive one. The amount of increased lunches far exceeded the state's expectations.

The Conservation Trust Fund is used for improving the Widefield Parks and Recreation's parks and recreation areas. Revenue is received from the state lottery.

The Capital Projects Fund is used for various District remodels and construction projects. Total revenues for the Capital Projects Fund amounted to approximately \$1,167,048 million for 2024-2025, compared to \$14,391,498 million in 2023-2024. The large difference is was due to receiving a BEST Grant for nearly \$3.0 million and the District taking out a Certificate of Participation (COP) to replace the roof and the air conditioning units at Janitell Junior High in 2023-2024.

General Fund Budgetary Highlights

The original fiscal year 2024-2025 budget adopted by the Board of Education for the District as a whole totaled \$194.9 million, including \$146.4 million in General Fund appropriations.

The original fiscal year 2024-2025 adopted budget was modified to reflect changes in funding for a final district-wide budget of \$194.8 million. The General Fund budget decreased to 145.73 million. The fiscal year 2024-2025 budgeted state equalization revenues for the General Fund totaled \$74.5 million. The General Fund received \$73.3 million in state equalization revenues and transferred approximately \$2.56 million to other funds, including the charter school.

The General Fund's fund balance for 2024-2025 was budgeted to use \$3.97 million. The actual fund balance was decreased by \$3.89 million for 24-25.

Capital Asset and Debt Administration

Capital assets. The District's investment in capital assets for the primary government, as of June 30, 2025, totaled \$128,980,884 (net of accumulated depreciation and amortization of \$(61,609,253)) compared to \$129,438,489 for the fiscal year 2023-2024. This investment in capital assets includes land, buildings, improvements, machinery, equipment, and construction in progress.

<u>Government-Wide Capital Assets</u>	<u>2024-2025</u>	<u>2023-2024</u>
Land & improvements	\$ 3,108,156	\$ 3,108,156
Buildings & improvements	167,656,880	157,741,626
Equipment	17,047,696	16,637,986
Construction in progress	1,677,405	6,195,455
Leased Assets being amortized	1,100,000	1,187,910
Less leased asset amortization	(771,563)	(686,949)
Less accumulated depreciation	<u>(60,837,690)</u>	<u>(54,745,695)</u>
Total	<u>\$ 128,980,884</u>	<u>\$ 129,438,489</u>

Long-term debt. At the end of the current fiscal year, the District had a total long-term debt outstanding of \$72,233,170, including \$2,120,000 due within the next twelve months. For comparison, at the end of the previous fiscal year, the District had a total long-term debt outstanding of \$74,678,030, including \$2,035,000 due within the next twelve months.

Requests for Information

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

Office of Business and Finance
Widefield School District 3
1820 Main Street
Colorado Springs, CO 80911

BASIC FINANCIAL STATEMENTS

The Basic Financial Statements include the Government-wide Financial Statements and the Fund Financial Statements.

Government-wide Financial Statements

The Government-wide Financial Statements provide a financial overview of the District's operations as a whole rather than for individual funds. The financial statements present the net position at the end of the report date and the results of operations and changes in net position for the year then ended. All District resources, both capital and financial, current and long-term are reported in the Government-wide Financial Statements.

Fund Financial Statements

The Fund Financial Statements provide a more detailed report of major funds of the District with emphasis on control of resources, short-term measurement of revenues and expenditures, and assessment of compliance with finance-related laws, rules, and regulations. Fund Financial Statements are presented for:

Governmental Funds

Component Units

The District has one charter school operating as a separate legal entity and presented as a discrete component unit in the Basic Financial Statements. The charter entity is James Madison Charter Academy.

EL PASO COUNTY SCHOOL DISTRICT NO. 3
STATEMENT OF NET POSITION
JUNE 30, 2025

	Primary Government Governmental Activities	Component Unit Charter School
ASSETS		
Cash and investments	\$ 44,665,429	\$ 8,277
Restricted cash and investments	6,760,189	248,715
Cash with county treasurer	409,102	-
Receivables	2,737,371	3,356
Receivable from primary government	-	227,282
Inventories and prepaid items	423,451	-
Other assets	96,523	-
Capital assets, not being depreciated	4,785,561	-
Capital assets, net of accumulated depreciation/amortization	124,195,323	969,453
Total assets	<u>184,072,949</u>	<u>1,457,083</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred pension outflows	39,180,058	189,975
Deferred OPEB outflows	711,162	2,417
Total deferred outflows of resources	<u>39,891,220</u>	<u>192,392</u>
LIABILITIES		
Accounts payable and other current liabilities	2,140,448	1,595
Accrued salaries and benefits	6,493,542	-
Payable to component unit	227,282	-
Unearned revenue	266,771	-
Accrued interest payable	217,528	17,125
Long-term liabilities:		
Due within one year	2,259,633	65,000
Due in more than one year	75,058,365	1,288,994
Net pension liability	174,634,021	1,022,412
Net OPEB liability	3,098,500	18,140
Total liabilities	<u>264,396,090</u>	<u>2,413,266</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred pension inflows	12,939,246	82,569
Deferred OPEB inflows	1,868,470	21,013
Total deferred inflows of resources	<u>14,807,716</u>	<u>103,582</u>
NET POSITION		
Net investment in capital assets	56,617,714	(384,541)
Restricted for:		
Emergency reserve (TABOR)	4,030,000	27,100
Debt service	7,011,157	231,590
Multi-year obligations	590,000	-
Unrestricted	(123,488,508)	(741,522)
Total net position	<u>\$ (55,239,637)</u>	<u>\$ (867,373)</u>

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

EL PASO COUNTY SCHOOL DISTRICT NO. 3
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>Primary Government</u>	<u>Component Unit</u>
Primary government						
Governmental activities						
Instruction	\$ 78,225,806	\$ 3,591,218	\$ 15,897,680	\$ -	\$ (58,736,908)	\$ -
Supporting services	62,249,253	66,650	1,437,346	-	(60,745,257)	-
Food service operations	5,083,511	35,051	5,436,901	-	388,441	-
Community services	2,558,003	-	-	333,766	(2,224,237)	-
Facilities acquisition	158,431	-	-	-	(158,431)	-
Interest and other fiscal charges	2,270,209	-	-	-	(2,270,209)	-
Total primary government	<u>\$ 150,545,213</u>	<u>\$ 3,692,919</u>	<u>\$ 22,771,927</u>	<u>\$ 333,766</u>	<u>(123,746,601)</u>	
Component unit						
Charter school	<u>\$ 1,099,014</u>	<u>\$ -</u>	<u>\$ 186,297</u>	<u>\$ 40,403</u>		<u>(872,314)</u>
General revenues:						
Property taxes					38,427,839	79,044
Specific ownership taxes					3,754,786	-
State equalization					74,111,294	-
Per pupil revenue					-	777,399
Grants and contributions not restricted to specific programs					1,916,770	-
Unrestricted investment earnings					2,365,067	12,157
Gain on asset disposal					234,758	-
Miscellaneous					53,641	3,878
Total general revenues					<u>120,864,155</u>	<u>872,478</u>
Change in net position					(2,882,446)	164
Net position - beginning, (deficit)					<u>(52,357,191)</u>	<u>(867,537)</u>
Net position - ending (deficit)					<u>\$ (55,239,637)</u>	<u>\$ (867,373)</u>

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

EL PASO COUNTY SCHOOL DISTRICT NO. 3
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2025

	General Fund	Widefield Parks And Recreation Fund	Bond Redemption Fund	Capital Projects Fund	Total Nonmajor Funds	Total Governmental Funds
ASSETS						
Cash and investments	\$ 27,918,142	\$ 3,972,892	\$ -	\$ 7,106,610	\$ 5,667,785	\$ 44,665,429
Restricted cash and investments	-	-	6,760,189	-	-	6,760,189
Cash with county treasurer	330,047	38,040	41,015	-	-	409,102
Receivables	1,490,683	134,752	140,249	-	971,687	2,737,371
Due from component units	-	-	-	-	36,472	36,472
Due from internal balances	249,555	140,386	156,322	-	-	546,263
Inventories and prepaid items	256,833	-	-	-	166,618	423,451
Other assets	96,523	-	-	-	-	96,523
Total assets	\$ 30,341,783	\$ 4,286,070	\$ 7,097,775	\$ 7,106,610	\$ 6,842,562	\$ 55,674,800
LIABILITIES						
Accounts payable and other current liabilities	\$ 1,814,080	\$ 47,502	\$ -	\$ 198,253	\$ 80,613	\$ 2,140,448
Due to internal balances	298,553	-	-	18,850	228,860	546,263
Due to component units	259,567	-	-	-	4,187	263,754
Accrued salaries and benefits	5,985,818	17,081	-	-	490,643	6,493,542
Accrued compensated absences	9,633	-	-	-	-	9,633
Unearned revenue	266,771	-	-	-	-	266,771
Total liabilities	8,634,422	64,583	-	217,103	804,303	9,720,411
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue-property taxes	716,498	85,233	86,618	-	-	888,349
FUND BALANCES						
Nonspendable for:						
Inventories and prepaid expenses	256,833	-	-	-	138,715	395,548
Restricted for:						
Emergency reserve (TABOR)	4,030,000	-	-	-	-	4,030,000
Debt service	-	-	7,011,157	-	-	7,011,157
Multi-year obligations	590,000	-	-	-	-	590,000
Committed for:						
Food service operations	-	-	-	-	2,928,012	2,928,012
Pupil Activities	-	-	-	-	2,310,350	2,310,350
Community Activities	-	4,136,254	-	-	-	4,136,254
Capital projects	-	-	-	-	661,182	661,182
Assigned for:						
Risk management	409,377	-	-	-	-	409,377
Capital projects	-	-	-	6,889,507	-	6,889,507
Print Shop	95,383	-	-	-	-	95,383
Supplies Carryover	244,113	-	-	-	-	244,113
Unassigned	15,365,157	-	-	-	-	15,365,157
Total fund balances	20,990,863	4,136,254	7,011,157	6,889,507	6,038,259	45,066,040
Total liabilities, deferred inflows and fund balances	\$ 30,341,783	\$ 4,286,070	\$ 7,097,775	\$ 7,106,610	\$ 6,842,562	\$ 55,674,800

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

EL PASO COUNTY SCHOOL DISTRICT NO. 3
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		\$	45,066,040
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.			
Capital assets, not being depreciated	\$	4,785,561	
Capital assets, net of depreciation/amortization		<u>124,195,323</u>	128,980,884
Property tax receivable is not available to pay current period expenditures and, therefore, is not reported in the funds.			
			888,349
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	\$	(174,634,021)	
Pension outflows		39,180,058	
Pension inflows		(12,939,246)	
Net OPEB liabilities		(3,098,500)	
OPEB outflows		711,162	
OPEB inflows		(1,868,470)	
Accrued interest		(217,528)	
Compensated absences		(4,945,195)	
Unamortized premiums		(7,588,170)	
Leases		(130,000)	
Bonds and COPs payable		<u>(64,645,000)</u>	<u>(230,174,910)</u>
Net position of governmental activities in the statement of net position			<u>\$ (55,239,637)</u>

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

EL PASO COUNTY SCHOOL DISTRICT NO. 3
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

	<u>General Fund</u>	<u>Widefield Parks And Recreation Fund</u>	<u>Bond Redemption Fund</u>	<u>Capital Projects Fund</u>	<u>Total Nonmajor Funds</u>	<u>Total Governmental Funds</u>
REVENUES						
Local sources	\$ 36,725,002	\$ 5,370,577	\$ 4,133,385	\$ 442,632	\$ 2,758,316	\$ 49,429,912
State sources	84,081,590	341,728	-	724,416	1,531,133	86,678,867
Federal sources	1,524,311	-	-	-	9,293,328	10,817,639
Total revenues	<u>122,330,903</u>	<u>5,712,305</u>	<u>4,133,385</u>	<u>1,167,048</u>	<u>13,582,777</u>	<u>146,926,418</u>
EXPENDITURES						
Instruction	67,349,664	-	-	-	6,964,960	74,314,624
Supporting services	56,172,994	1,063,883	-	36,261	527,200	57,800,338
Food service operations	-	-	-	-	5,027,210	5,027,210
Community services	-	2,556,665	-	-	7,828	2,564,493
Facilities acquisition and construction	-	135,985	-	5,229,902	432,656	5,798,543
Debt service	138,701	1,019,070	3,286,663	416,068	-	4,860,502
Total expenditures	<u>123,661,359</u>	<u>4,775,603</u>	<u>3,286,663</u>	<u>5,682,231</u>	<u>12,959,854</u>	<u>150,365,710</u>
Excess (deficiency) of revenues over expenditures	<u>(1,330,456)</u>	<u>936,702</u>	<u>846,722</u>	<u>(4,515,183)</u>	<u>622,923</u>	<u>(3,439,292)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	2,500,000	200,000	2,700,000
Transfers out	(2,560,000)	(140,000)	-	-	-	(2,700,000)
Total other financing sources (uses)	<u>(2,560,000)</u>	<u>(140,000)</u>	<u>-</u>	<u>2,500,000</u>	<u>200,000</u>	<u>-</u>
Net change in fund balances	<u>(3,890,456)</u>	<u>796,702</u>	<u>846,722</u>	<u>(2,015,183)</u>	<u>822,923</u>	<u>(3,439,292)</u>
Fund balances - beginning	<u>24,881,319</u>	<u>3,339,552</u>	<u>6,164,435</u>	<u>8,904,690</u>	<u>5,215,336</u>	<u>48,505,332</u>
Fund balances - ending	<u>\$ 20,990,863</u>	<u>\$ 4,136,254</u>	<u>\$ 7,011,157</u>	<u>\$ 6,889,507</u>	<u>\$ 6,038,259</u>	<u>\$ 45,066,040</u>

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

EL PASO COUNTY SCHOOL DISTRICT NO. 3
RECONCILIATION OF THE GOVERNMENTAL FUNDS 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:		\$ (3,439,292)
<p>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. This is the amount by which depreciation exceeded capital outlays in the current period.</p>		
Capital outlays	\$ 6,133,197	
Depreciation/amortization	<u>(6,590,802)</u>	(457,605)
<p>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.</p>		
		635,649
<p>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.</p>		
Repayment of principal		2,167,518
<p>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.</p>		
		(871,989)
<p>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.</p>		
Interest expense	\$ 12,915	
Amortization of debt premiums and deferred amounts on refunding	409,860	
Changes in pension related items	(2,372,277)	
Changes in OPEB related items	<u>1,032,775</u>	<u>(916,727)</u>
Change in net position of governmental activities		<u>\$ (2,882,446)</u>

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

NOTES TO FINANCIAL STATEMENTS

EL PASO COUNTY SCHOOL DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of El Paso County School District No. 3 (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

El Paso County School District No. 3 was organized in 1874. The District provides education services to the residents in the southeast section of El Paso County. It is governed by a five member Board of Education, which is the policy-making body of the District.

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.

Discretely Presented Component Unit. The District's Board of Education has authorized one charter school for operation, James Madison Charter Academy (JMCA). The charter school is fiscally dependent on the District since the District provides the majority of support to the school in the form of per pupil revenue. Also, the potential exists that their exclusion from the District's reporting entity would cause the District's statements to be misleading or incomplete.

Separately issued financial statements for the charter school may be obtained by writing to the following:

James Madison Charter Academy
660 Syracuse St #2546
Colorado Springs, Colorado 80911

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.

EL PASO COUNTY SCHOOL DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 *Widefield Parks and Recreation Fund* is used to account for all financial activities of Widefield Parks and Recreation. This fund receives tax revenues for park and recreation activities.

The *Debt Service Fund* accounts for the accumulation of resources for and the payment of principal, interest and related expenses on long-term general obligation debt.

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

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 *Designated Purpose Grants Fund* is used to record financial transactions for grants received for designated programs funded by federal, state or local governments.

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

The *Conservation Trust Fund* is used for improving the park and recreation areas. Funds are received from the Colorado Lottery.

EL PASO COUNTY SCHOOL DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

EL PASO COUNTY SCHOOL DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

*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 value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

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 \$10,000 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.

EL PASO COUNTY SCHOOL DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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:

Land improvements	20 years
Buildings & improvements	10-100 years
Furniture & equipment	5-15 years
Vehicles	8 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.

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.

EL PASO COUNTY SCHOOL DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases

Lessee: The District is a lessee for noncancellable leases of buildings. 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.

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.

EL PASO COUNTY SCHOOL DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Pensions

El Paso County School District No. 3 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 No. 3 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.

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.

EL PASO COUNTY SCHOOL DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

EL PASO COUNTY SCHOOL DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2024 is 37.628 mills for general operating expenses, including a 11.655 mill levy override, 4.343 mills for the Widefield Parks and Recreation, and 4.700 mills for the payment of long-term debt. The District's assessed valuation for the collection year 2025 is \$848,660,990. Taxes are assessed on \$846,039,950 which is the assessed valuation net of tax increment financing.

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.

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.

EL PASO COUNTY SCHOOL DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

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.

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.

NOTE 3 – DEPOSITS AND INVESTMENTS

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

Deposits	\$ 1,166,295
Investments	<u>50,259,323</u>
Total	<u><u>\$ 51,425,618</u></u>

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

Cash and investments	\$ 44,665,429
Restricted cash and investments	<u>6,760,189</u>
Total	<u><u>\$ 51,425,618</u></u>

EL PASO COUNTY SCHOOL DISTRICT NO. 3
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 \$1,166,295 and the bank balances were \$1,789,283. Of the bank balances, \$285,947 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 & Poor's Rating</u>
ColoTrust	\$ 39,884,425	Net asset value	Less than 90 days	AAAm
Money Market	349,480	Amortized cost	Less than 90 days	AAAm
Repurchase agreement	1,573,000	Fair Value	Up to 1 year	AAA
US Treasuries	7,071,044	Fair Value	Up to 5 years	AA+
US Agencies	1,256,487	Fair Value	Up to 5 years	AA+
US Corporate	124,887	Fair Value	Up to 5 years	AA - AA+
	<u>\$ 50,259,323</u>			

EL PASO COUNTY SCHOOL DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)

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.

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 79.4% of the District's total investments.

In accordance with state law, the District has designated Wells Fargo as the third party custodian for the bond redemption fund. Funds held at June 30, 2025 total \$6,760,189 and are included with the ColoTrust investments above.

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.

All of the District's investments that are measured at fair market value are categorized as Level 2 investments. District investments measured at net asset value or amortized cost fall under the existing exemptions to fair value measurement.

EL PASO COUNTY SCHOOL DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 4 –RECEIVABLES

Receivables as of June 30, 2025 for the government’s individual major funds, and non-major governmental funds in the aggregate are as follows:

	General Fund	Widefield Parks and Recreation Fund	Bond Redemption Fund	Nonmajor Funds	Total
Taxes	\$ 1,145,618	\$ 134,752	\$ 140,249	\$ -	\$ 1,420,619
Grants	174,809	-	-	969,187	1,143,996
Other	170,256	-	-	2,500	172,756
Total	<u>\$ 1,490,683</u>	<u>\$ 134,752</u>	<u>\$ 140,249</u>	<u>\$ 971,687</u>	<u>\$ 2,737,371</u>

NOTE 5 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

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:

	Due From <u>Other Funds</u>	Due To <u>Other Funds</u>
General Fund	\$ 249,555	\$ 298,553
Widefield Parks and Recreation Fund	140,386	-
Bond Redemption Fund	156,322	-
Capital Projects Fund	-	18,850
Nonmajor Funds	-	228,860
Total	<u>\$ 546,263</u>	<u>\$ 546,263</u>

EL PASO COUNTY SCHOOL DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 5 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS (CONTINUED)

Interfund transfers

The composition of interfund transfers for the year ended June 30, 2025, is as follows:

	<u>Transfers From Other Funds</u>	<u>Transfers To Other Funds</u>
General Fund	\$ -	\$ 2,560,000
Widefield Parks and Recreation Fund	-	140,000
Capital Projects Fund	2,500,000	-
Nonmajor Funds	<u>200,000</u>	<u>-</u>
Total	<u>\$ 2,700,000</u>	<u>\$ 2,700,000</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations and (3) move capital assets from one fund to another fund when the fund using the capital assets changes.

EL PASO COUNTY SCHOOL DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 6 - CAPITAL ASSETS

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

<i>Governmental Activities</i>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Land	\$ 3,108,156	\$ -	\$ -	\$ 3,108,156
Construction in progress	<u>6,195,455</u>	<u>4,361,775</u>	<u>(8,879,825)</u>	<u>1,677,405</u>
Total capital assets not being depreciated	<u>9,303,611</u>	<u>4,361,775</u>	<u>(8,879,825)</u>	<u>4,785,561</u>
Capital assets being depreciated:				
Buildings and improvements	157,741,626	9,944,894	(29,640)	167,656,880
Equipment	<u>16,637,986</u>	<u>706,353</u>	<u>(296,643)</u>	<u>17,047,696</u>
Total capital assets being depreciated	<u>174,379,612</u>	<u>10,651,247</u>	<u>(326,283)</u>	<u>184,704,576</u>
Less accumulated depreciation for:				
Buildings and improvements	(41,793,869)	(5,750,322)	29,640	(47,514,551)
Equipment	<u>(12,951,826)</u>	<u>(667,956)</u>	<u>296,643</u>	<u>(13,323,139)</u>
Total accumulated depreciation	<u>(54,745,695)</u>	<u>(6,418,278)</u>	<u>326,283</u>	<u>(60,837,690)</u>
Total capital assets being depreciated, net	<u>119,633,917</u>	<u>4,232,969</u>	<u>-</u>	<u>123,866,886</u>
Lease assets being amortized:				
Buildings and improvements	<u>1,187,910</u>	<u>-</u>	<u>(87,910)</u>	<u>1,100,000</u>
Total lease assets being amortized	<u>1,187,910</u>	<u>-</u>	<u>(87,910)</u>	<u>1,100,000</u>
Less accumulated amortization for:				
Buildings and improvements	<u>(686,949)</u>	<u>(172,524)</u>	<u>87,910</u>	<u>(771,563)</u>
Total accumulated amortization	<u>(686,949)</u>	<u>(172,524)</u>	<u>87,910</u>	<u>(771,563)</u>
Total lease assets being amortized, net	<u>500,961</u>	<u>(172,524)</u>	<u>-</u>	<u>328,437</u>
Capital assets, net of accumulated depreciation/amortization	<u>120,134,878</u>	<u>4,060,445</u>	<u>-</u>	<u>124,195,323</u>
Total governmental activities capital assets	<u>\$129,438,489</u>	<u>\$ 8,422,220</u>	<u>\$ (8,879,825)</u>	<u>\$128,980,884</u>

EL PASO COUNTY SCHOOL DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 6 - CAPITAL ASSETS (CONTINUED)

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

Governmental Activities

Instruction	\$ 2,810,640
Support services - students	35,477
Support services - instructional	86,904
General administration	13,389
School administration	38,028
Business services	1,257
Operations and maintenance	3,200,466
Transportation services	296,660
Central services	36,595
Miscellaneous services	5,182
Food services	66,204
 Total depreciation/amortization expense	 \$ 6,590,802

NOTE 7 – LEASES

District as lessee

The District, as a lessee, has entered into lease agreements involving educational facilities with lease terms of 3 to 10 years. The total costs of these right-to-use lease assets are recorded as \$1,100,000 less accumulated amortization of \$771,563. The District has determined that as of June 30, 2025, there is no loss associated with an impairment of the right-to-use lease asset.

The future lease payments under lease agreements as of June 30, 2025 are as follows:

<u>Fiscal Year</u> <u>Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ <u>130,000</u>	\$ <u>3,055</u>	\$ <u>133,055</u>

EL PASO COUNTY SCHOOL DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 8 – 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. Refunding bonds 2018	\$ 49,500,000	5.00%	2043	\$ 28,665,000
G.O. Refunding bonds 2021	13,945,000	0.20% - 2.14%	2033	<u>12,905,000</u>
Total				<u>\$ 41,570,000</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	\$ 1,660,000	\$ 1,620,090
2027	1,730,000	1,572,735
2028	1,755,000	1,549,973
2029	1,780,000	1,522,657
2030	1,810,000	1,491,676
2031 - 2035	10,065,000	6,758,974
2036 - 2040	13,180,000	4,109,250
2041 - 2043	<u>9,590,000</u>	<u>735,000</u>
Total	<u>\$ 41,570,000</u>	<u>\$ 19,360,354</u>

Legal Debt Margin

Assessed valuation	<u>\$ 848,660,990</u>
Debt limit - 20% of assessed valuation	169,732,198
General obligation debt	<u>(41,570,000)</u>
	<u>\$ 128,162,198</u>

EL PASO COUNTY SCHOOL DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 8 – 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 2021	\$ 14,570,000	4.00%	2047	\$ 13,345,000
Certificates of Participation 2022	1,270,000	2.90%	2038	1,095,000
Certificates of Participation 2024	8,635,000	4.125% - 5.00%	2045	<u>8,635,000</u>
Total				<u>\$ 23,075,000</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	\$ 460,000	\$ 940,802
2027	760,000	915,775
2028	800,000	882,476
2029	830,000	847,626
2030	870,000	811,228
2031 - 2035	4,950,000	3,449,763
2036 - 2040	5,865,000	2,322,916
2041 - 2045	6,800,000	1,059,687
2046 - 2047	<u>1,740,000</u>	<u>70,200</u>
Total	<u>\$ 23,075,000</u>	<u>\$ 11,300,473</u>

EL PASO COUNTY SCHOOL DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 8 – 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:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>	<u>Amount Due Within One Year</u>
<i>Governmental Activities</i>					
General obligation bonds	\$ 43,160,000	\$ -	\$ (1,590,000)	\$ 41,570,000	\$ 1,660,000
Premiums	5,483,137	-	(297,720)	5,185,417	-
Total bonds payable	<u>48,643,137</u>	<u>-</u>	<u>(1,887,720)</u>	<u>46,755,417</u>	<u>1,660,000</u>
COPs payable	23,520,000	-	(445,000)	23,075,000	460,000
Premiums	2,514,893	-	(112,140)	2,402,753	-
Total COPs payable	<u>26,034,893</u>	<u>-</u>	<u>(557,140)</u>	<u>25,477,753</u>	<u>460,000</u>
Leases	262,518	-	(132,518)	130,000	130,000
Compensated absences	4,109,770	871,989	(26,931)	4,954,828	9,633
Net pension liability	196,635,316	4,748,349	(26,749,644)	174,634,021	-
Net OPEB liability	4,747,946	314,730	(1,964,176)	3,098,500	-
<i>Total Governmental Activities</i>	<u>\$280,433,580</u>	<u>\$ 5,935,068</u>	<u>\$(31,318,129)</u>	<u>\$255,050,519</u>	<u>\$ 2,259,633</u>

General obligation bonds are liquidated in the debt service fund. Leases 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 9 – DEFINED BENEFIT PENSION PLAN

General Information about the Pension Plan

Plan description. Eligible employees of the El Paso County School District No. 3 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.

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 NO. 3
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 9 – 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.

EL PASO COUNTY SCHOOL DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 9 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

Contributions provisions as of June 30, 2025: Eligible employees of, El Paso County School District No. 3 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%
Total employer contribution rate to the SCHDTF	20.38%

**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 No. 3 is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from El Paso County School District No. 3 were \$16,360,142 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 No. 3 proportion of the net pension liability was based on El Paso County School District No. 3 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 NO. 3
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 9 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

At June 30, 2025, the El Paso County School District No. 3 reported a liability of \$174,763,021 for its proportionate share of the net pension liability that reflected a reduction for support from the State as a nonemployer contributing entity. The amount recognized by the El Paso County School District No. 3 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 No. 3 were as follows:

El Paso County School District No. 3 proportionate share of the net pension liability	\$ 174,634,021
The State’s proportionate share of the net pension liability as a nonemployer contributing entity associated with the El Paso County School District No. 3	15,684,907
Total	\$ 190,318,928

At December 31, 2024, the El Paso County School District No. 3 proportion was 1.0120837019%, which was a decrease of 0.0998917759% from its proportion measured as of December 31, 2023.

For the year ended June 30, 2025, the El Paso County School District No. 3 recognized pension expense of \$2,372,277 and revenue of \$1,654,099 for support from the State as a nonemployer contributing entity. At June 30, 2025, the El Paso County School District No. 3 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	\$ 9,889,262	\$ -
Changes of assumptions or other inputs	1,309,252	-
Net difference between projected and actual earnings on pension plan investments	3,294,859	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	16,427,008	12,939,246
Contributions subsequent to the measurement date	8,259,677	N/A
Total	<u>\$ 39,180,058</u>	<u>\$ 12,939,246</u>

EL PASO COUNTY SCHOOL DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 9 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

\$8,259,677 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	\$ 15,287,193
2027	11,820,483
2028	(6,776,655)
2029	(2,349,886)
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 ¹	Financed by the AIR

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

EL PASO COUNTY SCHOOL DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 9 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

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.

	Mortality Table	Adjustments, as Applicable
Pre-Retirement	PubT-2010 Employee	N/A
Post-Retirement (Retiree), Non-Disabled	PubT-2010 Healthy Retiree	Males: 112% of the rates prior to age 80/ 94% of the rates age 80 and older Females: 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	Males: 97% of the rates for all ages Females: 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%.

EL PASO COUNTY SCHOOL DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 9 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

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.

	Mortality Table	Adjustments, as Applicable
Pre-Retirement	PubT-2010 Employee	N/A
		Males: 106% of the rates for all ages
Post-Retirement (Retiree), Non-Disabled	PubT-2010 Healthy Retiree	Females: 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	Males: 92% of the rates for all ages Females: 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.

EL PASO COUNTY SCHOOL DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 9 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

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%.

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.

EL PASO COUNTY SCHOOL DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 9 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- 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.

Sensitivity of the El Paso County School District No. 3 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	\$ 236,763,258	\$ 174,634,021	\$ 122,592,100

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.

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.

EL PASO COUNTY SCHOOL DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 9 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

- 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.

NOTE 10 – 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 No. 3 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.

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.

EL PASO COUNTY SCHOOL DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

**NOTE 10 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN
(CONTINUED)**

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

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

PERA Benefit Structure

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

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

EL PASO COUNTY SCHOOL DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

**NOTE 10 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN
(CONTINUED)**

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 No. 3 is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from El Paso County School District No. 3 were \$818,809 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 No. 3 reported a liability of \$3,098,500 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 No. 3 proportion of the net OPEB liability was based on El Paso County School District No. 3 contributions to the HCTF for the calendar year 2024 relative to the total contributions of participating employers to the HCTF.

At December 31, 2024, the El Paso County School District No. 3 proportion was 0.6479953459%, which was a decrease of 0.0172383093% from its proportion measured as of December 31, 2023.

For the year ended June 30, 2025, the El Paso County School District No. 3 recognized OPEB expense of \$(1,032,775). At June 30, 2025, the El Paso County School District No. 3 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	\$ -	\$ 683,467
Changes of assumptions or other inputs	35,530	990,435
Net difference between projected and actual earnings on OPEB plan investments	10,504	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	251,732	194,568
Contributions subsequent to the measurement date	413,396	N/A
Total	\$ 711,162	\$ 1,868,470

EL PASO COUNTY SCHOOL DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

**NOTE 10 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN
(CONTINUED)**

\$413,396 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	\$ (483,646)
2027	(250,180)
2028	(348,136)
2029	(217,385)
2030	(168,545)
Thereafter	(102,812)

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.

EL PASO COUNTY SCHOOL DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

**NOTE 10 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN
(CONTINUED)**

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.

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.

EL PASO COUNTY SCHOOL DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

**NOTE 10 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN
(CONTINUED)**

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

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

Year	PERACare Medicare Plans¹	MAPD PPO #21	Medicare Part A Premiums
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%

¹ Increase in 2024 trend rates due to the effect of the Inflation Reduction Act.

EL PASO COUNTY SCHOOL DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

**NOTE 10 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN
(CONTINUED)**

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.

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

EL PASO COUNTY SCHOOL DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

**NOTE 10 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN
(CONTINUED)**

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.

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.

EL PASO COUNTY SCHOOL DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

**NOTE 10 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN
(CONTINUED)**

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

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.

EL PASO COUNTY SCHOOL DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

**NOTE 10 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN
(CONTINUED)**

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 No. 3 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 ¹	5.75%	6.75%	7.75%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial MAPD PPO#2 trend rate ¹	7.55%	8.55%	9.55%
Ultimate MAPD PPO#2 trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate ¹	2.75%	3.75%	4.75%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability	\$ 3,015,019	\$ 3,098,500	\$ 3,192,978

¹For the January 1, 2025, plan year.

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%.

EL PASO COUNTY SCHOOL DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

**NOTE 10 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN
(CONTINUED)**

- 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.

Sensitivity of the El Paso County School District No. 3 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	\$ 3,797,259	\$ 3,098,500	\$ 2,496,085

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.

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.

EL PASO COUNTY SCHOOL DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

**NOTE 10 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN
(CONTINUED)**

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.

NOTE 11 – DEFINED CONTRIBUTION PENSION PLAN

Voluntary Investment Program (PERAPlus 401(k) Plan)

Plan Description - Employees of the El Paso County School District No. 3 that are also members of the SCHDTF may voluntarily contribute to the Voluntary Investment Program (PERAPlus 401(k) Plan), an Internal Revenue Code Section 401(k) defined contribution plan administered by PERA. Title 24, Article 51, Part 14 of the C.R.S., as amended, assigns the authority to establish the Plan provisions to the PERA Board of Trustees. PERA issues a publicly available ACFR which includes additional information on the PERAPlus 401(k) Plan. That report can be obtained at www.copera.org/investments/pera-financial-reports.

Funding Policy – The PERAPlus 401(k) Plan is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended.

EL PASO COUNTY SCHOOL DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 12 – JOINT VENTURES

Colorado Educational Benefits Trust (CEBT) is a separate legal entity originally established by twenty-two member school districts pursuant to the provisions of Colorado Revised Statutes and the Colorado Constitution. In 1982, the school board passed a resolution which authorized the District to participate in the agency. The District has participated every year since. The Chief Financial Officer of the District serves on the board of directors for CEBT.

The purpose of CEBT is to provide members the benefits of decreased costs in obtaining medical, life, dental and vision coverage for the employees of the member districts. The expense of coverage paid to CEBT is paid annually from the fund in which the employee receives compensation. Contingent liability claims for the coverage have not been recognized to date after reviewing claims history and the remoteness of potential loss in excess of school contributions by the District.

It is the intent of the members of CEBT to operate an entity in perpetuity which will administer and use funds contributed by the members to defend and indemnify, in accordance with bylaws, any member of CEBT against stated liability or loss to the limit of the financial resources of CEBT. It is also the intent of the members to have CEBT provide continuing stability and availability of needed coverage at reasonable costs. All income and assets of CEBT shall be at all times dedicated to the exclusive benefit of its members. CEBT is a separate legal entity and under Colorado Law is not required to prepare budgets. The District does not have the ability to significantly affect the operations of the unit.

Condensed financial information for the CEBT pool for the year ended June 30, 2024 is as follows:

Assets	\$	72,783,000
Liabilities		51,816,000
Net Position	\$	20,967,000
Revenue	\$	313,080,000
Expenses		325,513,000
Change in Net Position	\$	(12,433,000)

CEBT issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the Trust’s administrator, Willis of Colorado, Inc., 2000 S. Colorado Blvd., Tower II, Suite 900, Denver, CO 80222.

EL PASO COUNTY SCHOOL DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 13 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District has joined together with other districts to form the Colorado School Districts Self Insurance Pool (the “Pool”), a public entity risk pool currently operating as a common risk management and insurance program for member school districts. Participation in the pool is approved by and managed under regulations promulgated by the Colorado State Insurance Division of Regulatory Agencies. The District pays an annual premium to the pool for its general property and liability insurance coverage. The agreement with the pool proves that the pool will be self-sustaining through member premiums. The District made an initial capital contribution to the pool and, upon termination of the pool, subject to available assets, the capital contributions will be returned to the District.

The District’s contribution to the pool mentioned above is funded by premium contributions from the Risk Management Fund. The Fund is also used to cover the purchase of commercial insurance for property, liability and worker’s compensation coverage not provided in the pool agreement, and to partially fund salaries and other costs for risk management and loss control. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

Condensed financial information for the Pool for the year ended June 30, 2024 is as follows:

Assets	\$ 73,357,719
Liabilities	32,819,402
Capital and Surplus	40,538,317
Total Liabilities, Capital and Surplus	\$ 73,357,719
Revenue	\$ 37,101,494
Expenses	(28,858,942)
Change in Unassigned Surplus	\$ 8,242,552

NOTE 14 – 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.

Construction commitments

The District has active construction projects as of June 30, 2025. The projects are for mill levy override projects. At year end the District’s commitments with contractors are as follows:

Project	Spent-to-Date	Remaining commitment
Transportation Roof Shingles	\$ 115,954	\$ 9,303

EL PASO COUNTY SCHOOL DISTRICT NO. 3
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 15 - 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.

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 \$4,030,000 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.

In November 1999 voters within the District passed an amendment allowing the District to retain excess revenues in 1999 and all future years.

On November 7, 2017 voters within the District authorized the District to increase taxes \$3.5 million in 2018 and annually thereafter by an amount that, when combined with other taxes previously approved by District voters in 2002 for the District's General Fund, equals ten percent of the District's total program as provided by state law. Voters authorized the District to increase debt by \$49.5 million, with a repayment cost of up to \$89 million and increase taxes by up to \$3.6 million annually for the purpose of acquiring, constructing, refinancing, repairing and improving District capital assets.

The amendment is complex and subject to judicial interpretation. 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 16 – 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 NO. 3
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)	1.0120837019%	1.1119754778%	0.8422867758%	0.9618607646%	1.0867323734%	0.9968525474%	0.9039493157%	1.0126099514%	1.0297487230%	1.0522824491%
District's proportionate share of the net pension liability (asset)	\$ 174,634,021	\$ 196,635,316	\$ 153,375,916	\$ 111,935,258	\$ 164,292,015	\$ 148,927,607	\$ 160,062,793	\$ 327,442,070	\$ 306,596,015	\$ 160,939,171
State's proportionate share of the net pension liability (asset) associated with the District	15,684,907	4,311,629	44,695,283	12,831,948	-	18,889,573	21,886,364	-	-	-
Total	<u>\$ 190,318,928</u>	<u>\$ 200,946,945</u>	<u>\$ 198,071,199</u>	<u>\$ 124,767,206</u>	<u>\$ 164,292,015</u>	<u>\$ 167,817,180</u>	<u>\$ 181,949,157</u>	<u>\$ 327,442,070</u>	<u>\$ 306,596,015</u>	<u>\$ 160,939,171</u>
District's covered payroll	\$ 78,208,395	\$ 73,511,619	\$ 64,972,700	\$ 60,113,266	\$ 58,119,968	\$ 58,581,344	\$ 49,694,949	\$ 46,710,500	\$ 46,216,967	\$ 45,858,228
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 NO. 3
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	\$ 16,360,142	\$ 15,485,108	\$ 14,136,183	\$ 12,329,412	\$ 11,520,476	\$ 11,736,512	\$ 9,978,241	\$ 8,926,253	\$ 8,496,301	\$ 8,175,266
Contributions in relation to the contractually required contribution	<u>(16,360,142)</u>	<u>(15,485,108)</u>	<u>(14,136,183)</u>	<u>(12,329,412)</u>	<u>(11,520,476)</u>	<u>(11,736,512)</u>	<u>(9,978,241)</u>	<u>(8,926,253)</u>	<u>(8,496,301)</u>	<u>(8,175,266)</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	\$ 80,275,478	\$ 75,981,882	\$ 69,363,017	\$ 62,019,174	\$ 57,950,080	\$ 60,559,918	\$ 52,160,171	\$ 47,278,885	\$ 46,225,796	\$ 46,109,792
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 NO. 3
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)	0.6479953459%	0.6652336552%	0.6398856864%	0.6280214869%	0.6283578090%	0.6511118770%	0.5875603071%	0.5753455746%	0.5853279536%
District's proportionate share of the net OPEB liability (asset)	\$ 3,098,500	\$ 4,747,946	\$ 5,224,532	\$ 5,415,461	\$ 5,970,813	\$ 7,318,484	\$ 7,994,005	\$ 7,477,191	\$ 7,588,976
District's covered payroll	\$ 78,208,395	\$ 73,511,619	\$ 64,972,700	\$ 60,113,266	\$ 58,119,968	\$ 58,581,344	\$ 49,694,949	\$ 46,710,500	\$ 46,216,967
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	3.96%	6.46%	8.04%	9.01%	10.27%	12.49%	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 NO. 3
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	\$ 818,809	\$ 775,054	\$ 707,493	\$ 632,612	\$ 591,857	\$ 617,698	\$ 530,518	\$ 482,250	\$ 471,611
Contributions in relation to the contractually required contribution	<u>(818,809)</u>	<u>(775,054)</u>	<u>(707,493)</u>	<u>(632,612)</u>	<u>(591,857)</u>	<u>(617,698)</u>	<u>(530,518)</u>	<u>(482,250)</u>	<u>(471,611)</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	\$ 80,275,478	\$ 75,981,882	\$ 69,363,017	\$ 62,019,174	\$ 57,950,080	\$ 60,559,918	\$ 52,160,171	\$ 47,278,885	\$ 46,225,796
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.

GENERAL FUND

This fund is used to account for and report all financial resources not accounted for and reported in another fund. Any lawful expenditure of the School District, including any expenditure of a nature that could be made from any other fund, may be made from the General Fund.

The General Fund is always considered to be a major fund for financial reporting purposes.

EL PASO COUNTY SCHOOL DISTRICT NO. 3
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2025

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Local sources:				
Property taxes	\$ 32,585,000	\$ 31,724,990	\$ 31,081,206	\$ (643,784)
Specific ownership taxes	3,130,000	3,130,000	3,399,579	269,579
Other local sources	2,053,363	2,437,163	2,244,217	(192,946)
Total local sources	<u>37,768,363</u>	<u>37,292,153</u>	<u>36,725,002</u>	<u>(567,151)</u>
State sources:				
State equalization	75,366,730	74,521,026	73,333,895	(1,187,131)
Special education	4,620,000	4,879,600	4,110,061	(769,539)
Other state funding	6,371,841	5,856,073	6,637,634	781,561
Total state sources	<u>86,358,571</u>	<u>85,256,699</u>	<u>84,081,590</u>	<u>(1,175,109)</u>
Federal sources	<u>1,642,500</u>	<u>1,642,500</u>	<u>1,524,311</u>	<u>(118,189)</u>
Total revenues	<u>125,769,434</u>	<u>124,191,352</u>	<u>122,330,903</u>	<u>(1,860,449)</u>
EXPENDITURES				
Instruction	67,941,390	67,926,077	67,349,664	576,413
Supporting services:				
Student services	10,970,840	11,334,255	11,510,324	(176,069)
Instructional staff	6,275,762	6,360,906	6,146,097	214,809
General administration	1,165,350	1,171,058	1,167,498	3,560
School administration	9,622,497	9,688,856	9,722,080	(33,224)
Business services	1,812,873	1,884,185	1,709,784	174,401
Operation and maintenance	12,899,748	13,006,975	13,811,349	(804,374)
Student transportation	5,381,524	5,418,894	5,264,556	154,338
Central services	7,095,669	7,121,709	6,438,767	682,942
Other support services	865,821	780,821	402,539	378,282
Debt service	136,110	136,110	138,701	(2,591)
Contingency reserves	22,260,555	20,908,033	-	20,908,033
Total expenditures	<u>146,428,139</u>	<u>145,737,879</u>	<u>123,661,359</u>	<u>22,076,520</u>
Excess (deficiency) of revenues over expenditures	(20,658,705)	(21,546,527)	(1,330,456)	20,216,071
OTHER FINANCING SOURCES (USES)				
Transfers in (out)	(3,705,592)	(3,334,792)	(2,560,000)	774,792
Net change in fund balance	(24,364,297)	(24,881,319)	(3,890,456)	20,990,863
Fund balance - beginning	24,364,297	24,881,319	24,881,319	-
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,990,863</u>	<u>\$ 20,990,863</u>

See the accompanying independent auditors' report.

WIDEFIELD PARKS AND RECREATION FUND

Used to record all transactions related to the operations of the Widefield Parks and Recreation Fund.

For financial reporting purposes, the Widefield Parks and Recreation Fund was determined to be a major fund of the District for the current fiscal year.

**EL PASO COUNTY SCHOOL DISTRICT NO. 3
WIDEFIELD PARK AND RECREATION FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2025**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Local sources:				
Property taxes	\$ 3,705,000	\$ 3,675,000	\$ 3,596,404	\$ (78,596)
Specific ownership taxes	325,000	325,000	355,207	30,207
Other local sources	152,000	182,000	1,418,966	1,236,966
Total local sources	<u>4,182,000</u>	<u>4,182,000</u>	<u>5,370,577</u>	<u>1,188,577</u>
State sources:				
Other state funding	1,355,000	1,355,000	341,728	(1,013,272)
Total revenues	<u>5,537,000</u>	<u>5,537,000</u>	<u>5,712,305</u>	<u>175,305</u>
EXPENDITURES				
Supporting services:				
Operation and maintenance	1,206,770	1,202,315	1,063,883	138,432
Community services	2,900,043	2,889,336	2,556,665	332,671
Facilities acquisition and construction	154,249	153,679	135,985	17,694
Debt service	1,155,938	1,151,670	1,019,070	132,600
Contingency reserves	2,663,983	3,339,552	-	3,339,552
Total expenditures	<u>8,080,983</u>	<u>8,736,552</u>	<u>4,775,603</u>	<u>3,960,949</u>
Excess (deficiency) of revenues over expenditures	(2,543,983)	(3,199,552)	936,702	4,136,254
OTHER FINANCING SOURCES (USES)				
Transfers out	(120,000)	(140,000)	(140,000)	-
Net change in fund balance	(2,663,983)	(3,339,552)	796,702	4,136,254
Fund balance - beginning	<u>2,663,983</u>	<u>3,339,552</u>	<u>3,339,552</u>	<u>-</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,136,254</u>	<u>\$ 4,136,254</u>

See the accompanying independent auditors' report.

**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

BOND REDEMPTION FUND

The District has one debt service fund, the Bond Redemption 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 Bond Redemption Fund was determined to be a major fund of the District for the current fiscal year.

EL PASO COUNTY SCHOOL DISTRICT NO. 3
BOND REDEMPTION 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>
REVENUES			
Local sources:			
Property taxes	\$ 3,980,000	\$ 3,891,979	\$ (88,021)
Other local sources	200,000	241,406	41,406
	<u>4,180,000</u>	<u>4,133,385</u>	<u>(46,615)</u>
Total revenues			
EXPENDITURES			
Debt service	<u>10,344,435</u>	<u>3,286,663</u>	<u>7,057,772</u>
Total expenditures	<u>10,344,435</u>	<u>3,286,663</u>	<u>7,057,772</u>
Net change in fund balance	(6,164,435)	846,722	7,011,157
Fund balance - beginning	<u>6,164,435</u>	<u>6,164,435</u>	<u>-</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ 7,011,157</u>	<u>\$ 7,011,157</u>

See the accompanying independent auditors' report.

CAPITAL PROJECTS FUND

The Capital Projects Fund is used to account for significant capital expenditures of the District.

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

EL PASO COUNTY SCHOOL DISTRICT NO. 3
CAPITAL PROJECTS 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>
REVENUES			
Local sources:			
Other local sources	\$ 300,000	\$ 442,632	\$ 142,632
State sources:			
Other state funding	825,000	724,416	(100,584)
Total revenues	<u>1,125,000</u>	<u>1,167,048</u>	<u>42,048</u>
EXPENDITURES			
Supporting services:			
Operation and maintenance	53,388	36,261	17,127
Facilities acquisition and construction	7,896,612	5,229,902	2,666,710
Debt service	416,070	416,068	2
Contingency reserves	4,163,620	-	4,163,620
Total expenditures	<u>12,529,690</u>	<u>5,682,231</u>	<u>6,847,459</u>
Excess (deficiency) of revenues over expenditures	(11,404,690)	(4,515,183)	6,889,507
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>2,500,000</u>	<u>2,500,000</u>	<u>-</u>
Net change in fund balance	(8,904,690)	(2,015,183)	6,889,507
Fund balance - beginning	<u>8,904,690</u>	<u>8,904,690</u>	<u>-</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ 6,889,507</u>	<u>\$ 6,889,507</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. These funds may be required by statute or ordinance and others may be established through resolutions by the Board of Education for purposes of better administration. The District has the following Special Revenue Funds:

Food Service Fund

This fund accounts for all financial activities associated with the District's school lunch program.

Governmental Designated-Purpose Grants Fund

Used to record financial transactions for grants received for designated programs funded by the federal government.

Pupil Activity Fund

Used to record financial transactions related to school-sponsored pupil intra-scholastic and interscholastic athletic and related events. These activities are supported by revenues from pupils, gate receipts and other fund-raising activities.

Conservation Trust Fund

Used for improving the community center's parks and recreation areas. Funds are derived from the lottery.

EL PASO COUNTY SCHOOL DISTRICT NO. 3
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2025

	Food Service Fund	Governmental Designated- Purpose Grants Fund	Pupil Activity Fund	Conservation Trust Fund	Total Nonmajor Governmental Funds
ASSETS					
Cash and investments	\$ 2,690,882	\$ -	\$ 2,313,776	\$ 663,127	\$ 5,667,785
Intergovernmental receivables	432,126	537,061	-	-	969,187
Other receivables	-	-	2,500	-	2,500
Due from component units	-	-	36,472	-	36,472
Inventories and prepaid expenses	137,715	27,903	1,000	-	166,618
Total assets	<u>\$ 3,260,723</u>	<u>\$ 564,964</u>	<u>\$ 2,353,748</u>	<u>\$ 663,127</u>	<u>\$ 6,842,562</u>
LIABILITIES					
Accounts payable and other current liabilities	\$ 36,148	\$ 6,410	\$ 36,110	\$ 1,945	\$ 80,613
Accrued salaries and benefits	138,492	352,151	-	-	490,643
Due to interfunds	20,356	202,216	6,288	-	228,860
Due to charter school	-	4,187	-	-	4,187
Total liabilities	<u>194,996</u>	<u>564,964</u>	<u>42,398</u>	<u>1,945</u>	<u>804,303</u>
FUND BALANCES					
Nonspendable for:					
Inventories and prepaid expenses	137,715		1,000	-	138,715
Committed for:					
Food service operations	2,928,012	-	-	-	2,928,012
Pupil activities	-	-	2,310,350	-	2,310,350
Conservation activities	-	-	-	661,182	661,182
Total fund balances	<u>3,065,727</u>	<u>-</u>	<u>2,311,350</u>	<u>661,182</u>	<u>6,038,259</u>
Total liabilities and fund balances	<u>\$ 3,260,723</u>	<u>\$ 564,964</u>	<u>\$ 2,353,748</u>	<u>\$ 663,127</u>	<u>\$ 6,842,562</u>

See the accompanying independent auditors' report.

**EL PASO COUNTY SCHOOL DISTRICT NO. 3
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2025**

	Food Service Fund	Governmental Designated- Purpose Grants Fund	Pupil Activity Fund	Conservation Trust Fund	Total Nonmajor Governmental Funds
REVENUES					
Local sources	\$ 135,961	\$ -	\$ 2,255,723	\$ 366,632	\$ 2,758,316
State sources	1,531,133	-	-	-	1,531,133
Federal sources	3,980,502	5,312,826	-	-	9,293,328
Total revenues	<u>5,647,596</u>	<u>5,312,826</u>	<u>2,255,723</u>	<u>366,632</u>	<u>13,582,777</u>
EXPENDITURES					
Instruction	-	4,848,472	2,116,488	-	6,964,960
Supporting services	-	456,526	70,674	-	527,200
Food service operations	5,027,210	-	-	-	5,027,210
Community services	-	7,828	-	-	7,828
Facilities acquisition and construction	-	-	-	432,656	432,656
Total expenditures	<u>5,027,210</u>	<u>5,312,826</u>	<u>2,187,162</u>	<u>432,656</u>	<u>12,959,854</u>
Excess (deficiency) of revenues over expenditures	620,386	-	68,561	(66,024)	622,923
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	200,000	-	200,000
Net change in fund balances	620,386	-	268,561	(66,024)	822,923
Fund balances - beginning	<u>2,445,341</u>	<u>-</u>	<u>2,042,789</u>	<u>727,206</u>	<u>5,215,336</u>
Fund balances - ending	<u>\$ 3,065,727</u>	<u>\$ -</u>	<u>\$ 2,311,350</u>	<u>\$ 661,182</u>	<u>\$ 6,038,259</u>

See the accompanying independent auditors' report.

EL PASO COUNTY SCHOOL DISTRICT NO. 3
FOOD 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>
REVENUES			
Local sources:			
Other local sources	\$ 149,000	\$ 135,961	\$ (13,039)
State sources:			
Other state funding	300,000	1,531,133	1,231,133
Federal sources	<u>4,290,500</u>	<u>3,980,502</u>	<u>(309,998)</u>
Total revenues	<u>4,739,500</u>	<u>5,647,596</u>	<u>908,096</u>
EXPENDITURES			
Food service operations	4,817,919	5,027,210	(209,291)
Contingency reserves	<u>2,366,922</u>	<u>-</u>	<u>2,366,922</u>
Total expenditures	<u>7,184,841</u>	<u>5,027,210</u>	<u>2,157,631</u>
Net change in fund balance	(2,445,341)	620,386	3,065,727
Fund balance - beginning	<u>2,445,341</u>	<u>2,445,341</u>	<u>-</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ 3,065,727</u>	<u>\$ 3,065,727</u>

See the accompanying independent auditors' report.

EL PASO COUNTY SCHOOL DISTRICT NO. 3
GOVERNMENTAL DESIGNATED-PURPOSE GRANTS 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>
REVENUES			
Federal sources	\$ 5,702,830	\$ 5,312,826	\$ (390,004)
EXPENDITURES			
Instruction	5,204,388	4,848,472	355,916
Supporting services:			
Student services	23,873	22,240	1,633
Instructional staff	423,230	394,286	28,944
Student transportation	42,936	40,000	2,936
Community services	8,403	7,828	575
Total expenditures	5,702,830	5,312,826	390,004
Net change in fund balance	-	-	-
Fund balance - beginning	-	-	-
Fund balance - ending	\$ -	\$ -	\$ -

See the accompanying independent auditors' report.

EL PASO COUNTY SCHOOL DISTRICT NO. 3
PUPIL ACTIVITY FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2025

	Final Budget	Actual	Variance with Final Budget
REVENUES			
Local sources:			
Other local sources	\$ 1,825,000	\$ 2,255,723	\$ 430,723
EXPENDITURES			
Instruction	1,959,566	2,116,488	(156,922)
Supporting services:			
Student services	38,101	41,152	(3,051)
Instructional staff	27,333	29,522	(2,189)
Contingency reserves	2,042,789	-	2,042,789
Total expenditures	4,067,789	2,187,162	1,880,627
Excess (deficiency) of revenues over expenditures	(2,242,789)	68,561	2,311,350
OTHER FINANCING SOURCES (USES)			
Transfers in	200,000	200,000	-
Net change in fund balance	(2,042,789)	268,561	2,311,350
Fund balance - beginning	2,042,789	2,042,789	-
Fund balance - ending	\$ -	\$ 2,311,350	\$ 2,311,350

See the accompanying independent auditors' report.

**EL PASO COUNTY SCHOOL DISTRICT NO. 3
 CONSERVATION TRUST 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>
REVENUES			
Local sources:			
Other local sources	\$ 445,000	\$ 366,632	\$ (78,368)
EXPENDITURES			
Facilities acquisition and construction	425,000	432,656	(7,656)
Contingency reserves	747,206	-	747,206
Total expenditures	1,172,206	432,656	739,550
Net change in fund balance	(727,206)	(66,024)	661,182
Fund balance - beginning	727,206	727,206	-
Fund balance - ending	\$ -	\$ 661,182	\$ 661,182

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 No. 3

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the El Paso County School District No. 3, 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 No. 3's basic financial statements as listed in the table of contents. Our report thereon, dated October 31, 2025, expressed an unmodified opinion on those financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the El Paso County School District No. 3'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.



Colorado Springs, Colorado
October 31, 2025



Colorado Department of Education
Auditors Integrity Report
 District: 0990 - Widefield 3
 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
Governmental	+		-	=
10 General Fund	23,813,423	117,994,281	121,226,218	20,581,486
18 Risk Mgmt Sub-Fund of General Fund	1,067,896	1,776,622	2,435,141	409,377
19 Colorado Preschool Program Fund	0	0	0	0
Sub- Total	24,881,319	119,770,903	123,661,360	20,990,863
11 Charter School Fund	310,958	918,384	992,022	237,320
20,26-29 Special Revenue Fund	4,315,576	5,951,094	5,220,520	5,046,151
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	2,445,341	5,647,597	5,027,211	3,065,727
22 Govt Designated-Purpose Grants Fund	0	5,312,826	5,312,826	0
23 Pupil Activity Special Revenue Fund	2,042,789	2,455,723	2,187,162	2,311,350
25 Transportation Fund	0	0	0	0
31 Bond Redemption Fund	6,164,435	4,133,385	3,286,664	7,011,157
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	8,904,690	3,667,049	5,682,231	6,889,507
46 Supplemental Cap Const, Tech, Main Fund	0	0	0	0
Totals	49,065,108	147,856,962	151,369,995	45,552,075
Proprietary				
50 Other Enterprise Funds	0	0	0	0
64 (63) Risk-Related Activity Fund	0	0	0	0
60,65-69 Other Internal Service Funds	0	0	0	0
Totals	0	0	0	0
Fiduciary				
70 Other Trust and Agency Funds	0	0	0	0
72 Private Purpose Trust Fund	0	0	0	0
73 Agency Fund	0	0	0	0
74 Pupil Activity Agency Fund	0	0	0	0
79 GASB 34:Permanent Fund	0	0	0	0
85 Foundations	0	0	0	0
Totals	0	0	0	0

FINAL