

**ELIZABETH SCHOOL DISTRICT
ELIZABETH, COLORADO**

FINANCIAL STATEMENTS

June 30, 2025



Wall,
Smith,
Bateman Inc.
Certified Public Accountants

ELIZABETH SCHOOL DISTRICT
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INDEPENDENT AUDITORS' REPORT



Wall,
Smith,
Bateman Inc.

To the Board of Education
Elizabeth School District
Elizabeth, Colorado

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 Elizabeth School District (the District), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Legacy Academy, as of and for the year ended June 30, 2025, which represent all the assets and revenues of the discretely presented component units. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Legacy Academy, is based solely upon the report of the other auditors.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards*

Certified Public Accountants

will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison, pension, and other postemployment benefits 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 District's basic financial statements. The accompanying combining and individual fund financial schedules, the Colorado School District's Auditor's Integrity Report, and the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the

underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial schedules, the Colorado School District's Auditor's Integrity Report, and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 19, 2026, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Wall, Smith, Bateman Inc.

Wall, Smith, Bateman Inc.
Alamosa, Colorado

February 19, 2026

Elizabeth School District
Management's Discussion and Analysis
June 30, 2025

As management of the Elizabeth School District, Elbert County, Colorado (the District), we offer readers of the District's Audited Financial Statements this narrative and analysis of the financial activities of the District for the fiscal year ended June 30, 2025. We encourage readers to consider the information presented here in conjunction with the District's financial statements.

Financial Highlights

- Fund balance decreased by \$934,347 to end the fiscal year at \$681,773 in General Fund Balance and \$813,000 TABOR reserve
- The District's liabilities and deferred inflows of resources for governmental activities exceeded its assets and deferred outflows of resources at the close of the most recent fiscal year by (\$14,157,784) (net position).
- Ending fund balance within the General Fund, as a percentage of expenditures at 1.98%.
- The deficit in the District's total net position for governmental activities increased \$2,145,834
- Governmental activities has (\$31,181,424) in unrestricted net position.

Overview of the Financial Statements

Management's discussion and analysis is intended to serve as an introduction to the District's basic financial statements. Comparison to the prior year's activity is provided in this document. The basic financial statements as presented are comprised of three components: 1) financial statements, 2) Fund financial statements, and 3) Notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide the reader of the District's audited financial statements a broad overview of the financial activities in a manner similar to a private sector business. The financial statements include the statement of net position and the statement of activities.

The statement of net position presents information about all of the District's assets, deferred outflows of resources and liabilities and deferred inflows of resources. The difference between them is reported as net position. Over time, changes in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the net position of the District changed during the current fiscal year. Changes in net position are recorded in the statement of activities when the underlying event occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement even though the resulting cash flow may be recorded in a future period.

The government-wide financial statements distinguish functions of the District that are supported from taxes and intergovernmental revenues (governmental activities). Governmental activities consolidate governmental funds including the General Fund and Special Revenue Funds.

Elizabeth School District
Management's Discussion and Analysis
June 30, 2025

The government-wide financial statements also include information on component units that are legally separate from the District (known as the primary government). At the close of the current fiscal year, the District has included information for one component unit, the Legacy Academy Charter School. Financial information for the charter school is presented separately from the primary government because the charter school has a separate governing board.

Fund Financial Statements

Fund financial statements are designed to demonstrate compliance with finance-related requirements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific objectives. Fund financial statements for the District include three fund types. The fund types presented here are governmental funds, a proprietary fund and a fiduciary fund.

Governmental funds account for essentially the same information reported in the governmental activities of the financial statements. However, unlike the statements, the governmental fund financial statements focus on near-term financial resources and fund balances. Such information may be useful in evaluating the financing requirements in the near term.

Since the governmental funds and the governmental activities report information using the same functions, it is useful to compare the information presented. Because the focus of each report differs, a reconciliation is provided on the fund financial statements to assist the reader in comparing the near-term requirements with the long-term needs.

The District maintains six different governmental funds. The major funds are the General, Food Service, and Student Activity Funds, while the nonmajor funds are the Athletics Fund, Grants Fund, and Capital Reserve Fund..

The District maintains one type of proprietary fund.

The Internal Service Fund is used to account for the District's self-insurance activity. The premiums paid by employees and the District are presented as revenues, while claims and administrative fees paid are listed as expenses. The fund activity is included in governmental activities within the government-wide financial statements. As the District is no longer self-insured, this fund was closed during the current year.

The basic governmental fund financial statements can be found on pages 3-9 of this report.

The proprietary fund financial statement is presented on pages 11-13 of this report.

The District adopts an annual appropriated budget for each of the governmental funds. A budgetary comparison schedule for the District's General Fund is included under required supplementary information to demonstrate compliance with the adopted budget.

Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

Elizabeth School District
Management's Discussion and Analysis
June 30, 2025

Government-Wide Financial Analysis

The assets of the District are classified as current assets and capital assets. Cash, investments, receivables, inventories and prepaid expenses are current assets. These assets are available to provide resources for the near-term operations of the District. The majority of the current assets are the result of the property tax collection process; the District receives 95% of the annual property tax assessment in March, May and June.

Capital assets are used in the operations of the District. These assets are land, buildings, equipment, and vehicles. Capital assets are discussed in greater detail in the section titled, Capital Assets and Debt Administration, elsewhere in this analysis.

Current and long-term liabilities are classified based on anticipated liquidation either in the near-term or in the future. Current liabilities include accounts payable, accrued salaries and benefits, unearned revenues, accrued interest payable, and current debt obligations. The liquidation of current liabilities is anticipated to be either from currently available resources, current assets or new resources that become available early in the subsequent fiscal year. Long-term liabilities such as long-term debt obligations and compensated absences payable will be liquidated from resources that will become available later.

The liabilities and deferred inflows of resources of the primary government exceeded assets and deferred outflows of resources by (\$14,157,784), with an unrestricted net position balance of (\$31,181,424).

The negative balance is solely due to GASB Statement No. 68 and 75, resulting in a net pension liability of \$35,839,724 and net OPEB liability of \$635,898, representing its proportionate share of the Public Employees Retirement Association (PERA) of Colorado plan's net pension liability and Other Post Employment Benefits.

The net investment of Capital Assets of \$16,210,640 in land, buildings, equipment, and vehicles to provide the services to the District's 2,333 public school students represents 83% of the District's assets.

The legally required \$813,000 TABOR reserve has been restricted.

The \$1,263,658 of accrued salaries and benefits as of June 30 are payables associated with teacher and other employee contracts for the 2025 school year requiring resources from fiscal year 2026 to liquidate.

Elizabeth School District
Management's Discussion and Analysis
June 30, 2025

Elizabeth School District
Net position (In thousands)
As of June 30, 2025
Government-Wide Total Assets as compared to Total Liabilities and Total Net position:

	Government-Wide	
	2025	2024
Assets:		
Other Assets	3,527	5,474
Capital Assets	22,106	16,304
Total Assets	25,633	21,778
Deferred Outflows of Resources	8,364	13,313
Liabilities:		
Other Liabilities	1,941	1,387
Noncurrent Liabilities	42,136	43,355
Total Liabilities	44,077	44,742
Deferred Inflows of Resources	4,077	2,360
Net position:		
Net investment in capital assets	16,210	16,158
Restricted	813	943
Unrestricted	(31,181)	(29,113)
Total Net position	(14,158)	(12,012)

Elizabeth School District
Management's Discussion and Analysis
June 30, 2025

Elizabeth School District - no charter school included

Governmental activities decreased the net position of the District (excluding Legacy Academy) by \$2,145,834. Most of this decrease was due to the pension benefit associated with changes to pension liabilities, deferred outflows and deferred inflows.

Elizabeth School District
Changes in Net position (In thousands)
For the year ended June 30, 2025

	Government-Wide	
	2025	2024
Revenues:		
General Revenues	23,385	\$6,898
Program Revenues	7,385	27,798
Total General Revenues	\$30,770	\$34,696
Expenses:		
Governmental activities		
Instruction	16,555	21,516
Supporting services	14,617	14,279
Food services	1,069	1,233
Facilities Acquisition and Construction Services	217	0
Interest on long-term debt	459	0
Total Expenses	\$32,917	\$37,037

Elizabeth School District
Management’s Discussion and Analysis
June 30, 2025

Changes in net position	\$(2,146)	\$(2,341)
Net position at beginning of fiscal year	(12,012)	(9,671)
Net position at end of fiscal year	(14,157)	(12,012)

Key elements of the change in net position for governmental activities are as follows:

- Pension and OPEB related expenses account for the largest component to the change in the District’s net position.

Financial Analysis of the Government’s Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

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 is useful in assessing the District’s financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government’s net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the District’s governmental funds reported a combined ending fund balance of \$1,745,043, a decrease of \$1,909,115 in comparison with the prior year.

The General Fund is the primary operating fund of the District. The fund has \$681,773 in ending fund balance, of which \$813,000 is restricted for the constitutionally mandated TABOR reserve.

Financial Analysis of the Proprietary Fund

Proprietary Fund. The District’s proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail. However, the Internal Service Fund is included in governmental activities in the government-wide financial statements.

Self-Insurance Fund – The School District is no longer self-insured and has closed this fund in the current year.

General Fund Budgetary Highlights

The difference between the original budget and the final amended budget was due to better information for both revenues and expenditures. An example are salaries, when the original budget was created there were numerous positions that were not filled so budgeted salaries were based on reasonable estimates, while the revised budget was able to utilize amounts that were much closer to the actual salary and benefit numbers.

Elizabeth School District
Management's Discussion and Analysis
June 30, 2025

General Fund expenses exceeded revenues and transfers by \$1,909,115 thereby reducing the ending fund balance of the fund on a percentage basis by 42.2%.

Capital Assets and Debt Administration Capital Assets. The District's investment in capital assets for its governmental activities as of June 30, 2025 amounts to \$21,287,067 (net of accumulated depreciation).

This investment in capital assets includes buildings, equipment, vehicles, and land. The net increase in the District's investment in capital assets for the current fiscal year was \$5,802,701 or 26.2% increase due to the capitalization of the Electric Efficiency upgrades and bus transportation lease .

2024 - included the cleanup of disposed assets. The overall current year investment without the offset of disposals was \$326,600.

Major capital expenditures during the current fiscal year included the following:

2025

- SHE well repairs
- EMS gym floor
- Transportation grounds
- Transportation fueling station upgrades
- EHS scoreboards and shot clock replacement
- RCE concrete repairs and replacement

2024

- EHS Gymnastic Springboard
- EHS Automotive Building
- EMS Time Tracking System
- EMS Fire Suppression System
- SHE Well/Mixing Valve/Fencing
- SHE Preschool Playground
- RCE Preschool Playground
- District Wide Security Door Contact Sensors

Elizabeth School District
Management's Discussion and Analysis
June 30, 2025

Capital Assets (net of accumulated depreciation, in Thousands)
Total Primary Government

	2025	2024
Land	\$298	\$298
Construction in Progress	\$521	\$84
Buildings	\$33,804	\$28,956
Equipment, vehicles, & fixtures	\$1,763	\$1,458
Transportation equipment	\$1,725	\$1,575
Right-to-use leased assets	\$1,600	\$0
Less: Accumulated Depreciation	(17,605)	(16,067)
Total capital assets	\$17,605	\$16,304

Additional information on the District's capital assets can be found in Note 5 on pages 22.

Long-Term Debt. At June 30, 2025 the District had \$5,895,771 remaining of a financing lease for the ten Buses and electric efficiency upgrade project. Additionally, the District has long-term obligations for compensated absences in the amount of \$236,686 still outstanding at the end of the current fiscal year.

General Obligation Bonds, Compensated Absences and Bus Capital Lease

	2025	2024
Compensated Absences	\$236,686	\$180,274
Bus Capital Lease	\$1,309,223	\$145,682
Electric efficiency upgrade	\$4,586,548	\$0
Total \$6,132,457	\$325,956	

Total long-term debt for the District increased during the current fiscal year due to the increase to pension liability and new leases that were entered into.

Additional information on the District's long-term obligations can be found in Note 4 on pages 22 of this report.

Elizabeth School District
Management's Discussion and Analysis
June 30, 2025

General Fund Budgetary Highlights

The difference between the original budget and the final amended budget was due to better information for both revenues and expenditures. An example are salaries, when the original budget was created there were numerous positions that were not filled so budgeted salaries were based on reasonable estimates, while the revised budget was able to utilize amounts that were much closer to the actual salary and benefit numbers.

General Fund actual expenditures of \$34,517,858 exceeded final budgeted appropriations of \$28,000,000 by \$6,517,858.

Economic Factors and Next Year's Budget - 2025 - 2026 fiscal school year

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 re-direct resources to the schools. The following factors will have a direct impact on the 2025-2026 fiscal year budget and future budgeting decisions:

The most recent budget submittal by the governor for the State indicates that there will be a slight increase in per pupil funding for the upcoming fiscal year.

State funding levels are not yet finalized and projected to include an inflation factor of 2.33%.

The Public Employees Retirement Association (PERA) of Colorado, the pension plan that covers all district employees, stayed static for the upcoming year. The employee's contribution rate will remain at 11%.

Items of concern; the rising insurance premiums that are estimated at 18% to 22% statewide for all districts, infrastructure such as boilers, RTUs, parking lots and areas of concrete nearing the end of functional and safety lifespans. These items should be addressed in the 1 to 5 year expense forecast.

Requests for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Elizabeth School District

Attention: Business Office

633 Dale Ct. PO Box 610

Elizabeth, CO 80107

ELIZABETH SCHOOL DISTRICT
BASIC FINANCIAL STATEMENTS

ELIZABETH SCHOOL DISTRICT
STATEMENT OF NET POSITION
June 30, 2025

	<u>Primary Government</u> <u>Governmental</u> <u>Activities</u>	<u>Component Unit</u> <u>Legacy</u> <u>Academy</u>
ASSETS		
Cash and Investments	2,741,595	\$ 1,961,749
Restricted Cash and Investments	-	673,968
Accounts Receivable	32,477	11,609
Due from Other Governments	177,350	68,193
Lease Receivable	-	45,269
Property Tax Receivable	476,901	-
Inventories	98,253	-
Prepaid Expenses	-	64,425
Capital Assets, Not Being Depreciated or Amortized	819,344	347,000
Capital Assets, Net of Accumulated Depreciation and Amortization	21,287,067	7,674,662
TOTAL ASSETS	<u>25,632,987</u>	<u>10,846,875</u>
DEFERRED OUTFLOWS OF RESOURCES		
Pensions	8,189,457	1,595,490
OPEB	174,280	54,162
Deferred Charges	-	78,758
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>8,363,737</u>	<u>1,728,410</u>
LIABILITIES		
Accounts Payable	173,538	13,367
Accrued Salaries and Benefits	1,263,658	264,004
Unearned Revenues	31,955	63,320
Accrued Interest Payable	-	15,038
Long-Term Liabilities		
Due Within One Year	471,384	280,809
Due in More Than One Year	5,661,073	7,742,790
Net Pension Liability	35,839,724	6,917,311
Net OPEB Liability	635,898	122,732
TOTAL LIABILITIES	<u>44,077,230</u>	<u>15,419,371</u>
DEFERRED INFLOWS OF RESOURCES		
Leases	-	45,269
Pensions	3,663,167	-
OPEB	414,111	66,303
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>4,077,278</u>	<u>111,572</u>
NET POSITION		
Net Investment in Capital Assets	16,210,640	76,821
Restricted for:		
Debt Service	-	658,930
Emergencies	813,000	200,000
Unrestricted	(31,181,424)	(3,891,409)
TOTAL NET POSITION	<u>\$ (14,157,784)</u>	<u>\$ (2,955,658)</u>

The accompanying notes are an integral part of this financial statement.

ELIZABETH SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
Fiscal Year Ended June 30, 2025

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenues and Changes in Net Position	
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Primary Governmental Activities	Component Unit Legacy Academy
Primary Government						
Governmental Activities						
Instructional Program	\$ 16,555,241	\$ 541,911	\$ 3,819,641	\$ -	\$ (12,193,689)	
Student Supporting Services	2,753,020	19,249	814,264	137,835	(1,781,672)	
Instructional Staff Supporting Services	728,783	-	-	-	(728,783)	
General Administration Supporting Services	2,204,950	-	48,257	-	(2,156,693)	
School Administration Supporting Services	1,671,407	-	40,364	-	(1,631,043)	
Business Supporting Services	631,100	-	-	-	(631,100)	
Operations and Maintenance of Plant Services	2,690,733	477,447	-	-	(2,213,286)	
Student Transportation Services	2,386,424	-	348,191	-	(2,038,233)	
Other Supporting Services	1,550,361	31,677	-	-	(1,518,684)	
Food Services	1,068,885	43,361	1,063,477	-	37,953	
Facilities Acquisition and Construction Services	217,310	-	-	-	(217,310)	
Interest on Long-term Debt	458,456	-	-	-	(458,456)	
Total Primary Government	\$ 32,916,670	\$ 1,113,645	\$ 6,134,194	\$ 137,835	(25,530,996)	
Component Unit - Legacy Academy	\$ 7,821,588	\$ 865,309	\$ 263,529	\$ 248,063		\$ (6,444,687)
General Revenues						
Taxes						
General Property Taxes - Net						
					11,915,789	352,630
Specific Ownership Taxes						
					1,509,086	-
Other Taxes						
					87,685	-
Grants and contributions not restricted to specific programs						
					-	11,300
State Equalization						
					9,701,218	5,582,891
Interest on Investments						
					118,444	93,805
Miscellaneous						
					52,940	5,589
Total General Revenues						
					23,385,162	6,046,215
Change in Net Position						
					(2,145,834)	(398,472)
Net Position, Beginning of Year						
					(12,011,950)	(2,557,186)
Net Position, End of Year						
					\$ (14,157,784)	\$ (2,955,658)

The accompanying notes are an integral part of this financial statement.

ELIZABETH SCHOOL DISTRICT
GOVERNMENTAL FUNDS
BALANCE SHEET
June 30, 2025

	<u>SPECIAL REVENUE FUNDS</u>				
	<u>GENERAL FUND</u>	<u>FOOD SERVICE FUND</u>	<u>STUDENT ACTIVITY FUND</u>	<u>TOTAL NONMAJOR FUNDS</u>	
ASSETS					
Cash and Cash Equivalents	\$ 1,791,658	\$ 412,811	\$ 479,791	\$ 57,335	\$ 2,741,595
Accounts Receivable	13,482	18,995	-	-	32,477
Property Tax Receivable	476,901	-	-	-	476,901
Due from Other Governments	68,792	81,430	-	27,128	177,350
Inventory	-	98,253	-	-	98,253
TOTAL ASSETS	<u>\$ 2,350,833</u>	<u>\$ 611,489</u>	<u>\$ 479,791</u>	<u>\$ 84,463</u>	<u>\$ 3,526,576</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES					
Accounts Payable	\$ 172,285	\$ -	\$ -	\$ 1,253	\$ 173,538
Accrued Salaries and Benefits	1,184,393	37,445	-	41,820	1,263,658
Unearned Revenues	-	18,995	-	12,960	31,955
TOTAL LIABILITIES	<u>1,356,678</u>	<u>56,440</u>	<u>-</u>	<u>56,033</u>	<u>1,469,151</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue - Property Tax	312,382	-	-	-	312,382
FUND BALANCE					
Nonspendable	-	98,253	-	-	98,253
Restricted	813,000	-	-	-	813,000
Assigned	-	456,796	479,791	28,430	965,017
Unassigned	(131,227)	-	-	-	(131,227)
TOTAL FUND BALANCE	<u>681,773</u>	<u>555,049</u>	<u>479,791</u>	<u>28,430</u>	<u>1,745,043</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 2,350,833</u>	<u>\$ 611,489</u>	<u>\$ 479,791</u>	<u>\$ 84,463</u>	<u>\$ 3,526,576</u>

The accompanying notes are an integral part of this financial statement.

ELIZABETH SCHOOL DISTRICT
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO THE STATEMENT OF NET POSITION
June 30, 2025

Total governmental fund balances		\$ 1,745,043
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		22,106,411
Long-term assets are not available to pay current year expenditures and, therefore, are deferred in governmental funds. This amount represents property tax and grant revenue earned but not available as current financial resources.		312,382
Deferred results and contributions to pension and OPEB plans made after the measurement date are recorded as expenditures in the governmental funds but must be deferred in the statement of net position.		8,363,737
Long-term liabilities are not due and payable in the current period and therefore are not reported in governmental funds.		
Lease Payable	(1,309,223)	
Financed Purchase Payable	(4,586,548)	
Compensated Absences	(236,686)	
		(6,132,457)
Net pension and OPEB liabilities are not due and payable in the current period and are not reported in the funds.		(36,475,622)
Certain amounts related to the net pension and OPEB liabilities are deferred and amortized over time. These are not reported in the funds.		(4,077,278)
Net position of governmental activities		\$ (14,157,784)

The accompanying notes are an integral part of this financial statement.

**ELIZABETH SCHOOL DISTRICT
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
For the Year Ended June 30, 2025**

	GENERAL FUND	FOOD SERVICE FUND	STUDENT ACTIVITY FUND	TOTAL NONMAJOR FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES					
Local Sources	\$ 14,633,744	\$ 50,201	\$ 612,660	\$ 143,023	\$ 15,439,628
Intermediate Sources	436,812	-	-	-	436,812
State Sources	11,751,175	651,302	-	700,114	13,102,591
Federal Sources	596,903	403,860	-	663,266	1,664,029
TOTAL REVENUES	27,418,634	1,105,363	612,660	1,506,403	30,643,060
EXPENDITURES					
Current					
Instructional Program	13,721,856	-	577,072	1,706,768	16,005,696
Student Supporting Services	2,570,628	-	-	57,560	2,628,188
Instructional Staff Supporting Services	634,859	-	-	90,855	725,714
General Administration Supporting Services	2,196,541	-	-	137,835	2,334,376
School Administration Supporting Services	1,608,689	-	-	54,318	1,663,007
Business Supporting Services	616,986	-	-	-	616,986
Operations and Maintenance of Plant Services	2,658,697	488	-	-	2,659,185
Student Transportation Services	3,482,987	-	-	-	3,482,987
Central Supporting Services	1,178,048	-	-	-	1,178,048
Other Support Services	56,535	-	-	-	56,535
Community Services	297,695	-	-	15,436	313,131
Food Services	-	1,115,233	-	-	1,115,233
Facilities Acquisition and Construction Services	4,621,185	-	-	690,454	5,311,639
Debt Service	873,152	-	-	-	873,152
TOTAL EXPENDITURES	34,517,858	1,115,721	577,072	2,753,226	38,963,877
Excess (Deficiency) of Revenues Over Expenditures	(7,099,224)	(10,358)	35,588	(1,246,823)	(8,320,817)
OTHER FINANCING SOURCES (USES)					
Proceeds from Issuance of Long-Term Liabilities	6,164,785	-	-	-	6,164,785
Transfers In (Out) to Other Funds	92	-	-	246,825	246,917
TOTAL OTHER FINANCING SOURCES (USES)	6,164,877	-	-	246,825	6,411,702
Net Change in Fund Balance	(934,347)	(10,358)	35,588	(999,998)	(1,909,115)

The accompanying notes are an integral part of this financial statement.

**ELIZABETH SCHOOL DISTRICT
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
For the Year Ended June 30, 2025**

	<u>GENERAL FUND</u>	<u>FOOD SERVICE FUND</u>	<u>STUDENT ACTIVITY FUND</u>	<u>TOTAL NONMAJOR FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
FUND BALANCE, BEGINNING OF THE YEAR, AS PREVIOUSLY STATED	1,616,120	-	-	2,038,038	3,654,158
Changes within financial reporting entity (nonmajor to major fund)	-	565,407	444,203	(1,009,610)	-
FUND BALANCE, BEGINNING OF THE YEAR, RESTATED	1,616,120	565,407	444,203	1,028,428	3,654,158
FUND BALANCE, END OF THE YEAR	<u>\$ 681,773</u>	<u>\$ 555,049</u>	<u>\$ 479,791</u>	<u>\$ 28,430</u>	<u>\$ 1,745,043</u>

The accompanying notes are an integral part of this financial statement.

ELIZABETH SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2025

Net change in fund balances - total governmental funds \$ (1,909,115)

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

Governmental funds report capital outlay 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 difference between capital outlay and depreciation in the current period.

Capital asset additions	\$ 7,340,938	
Capital asset deletions, net of accumulated depreciation	-	
Depreciation expense	<u>(1,538,237)</u>	5,802,701

Revenues that do not provide current financial resources are deferred in the governmental fund financial statements but are recognized in the government-wide financial statements. This amount represents the change in unavailable property taxes. 127,776

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. The bond premium provides a current financial resource to governmental funds, but must be capitalized and amortized over the life of the bonds in the government-wide financial statements.

Proceeds from long-term liabilities	(6,164,785)	
Payments on long-term liabilities	<u>414,696</u>	(5,750,089)

Some 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.

Compensated Absences		(56,412)
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Certain items reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in the governmental funds. These items consist of the change in pension and OPEB expense. (112,863)

An internal service fund is used by management to charge the costs of insurance to individual funds. The activities of the internal service fund are reported with governmental activities in the statement of activities. (247,832)

Change in net position of governmental activities \$ (2,145,834)

ELIZABETH SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUND
June 30, 2025

	GOVERNMENTAL ACTIVITIES
	INTERNAL SERVICE FUND
ASSETS	
Current assets	
Cash and cash equivalents	\$ -
Total current assets	-
TOTAL ASSETS	-
LIABILITIES	-
NET POSITION	
Unrestricted	-
TOTAL NET POSITION	\$ -

The accompanying notes are an integral part of this financial statement.

**ELIZABETH SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
PROPRIETARY FUND
For the Year Ended June 30, 2025**

	GOVERNMENTAL ACTIVITIES
	INTERNAL SERVICE FUND
OPERATING REVENUES	\$ -
OPERATING EXPENSES	
Insurance Claims	915
TOTAL OPERATING EXPENSES	915
Operating income (loss)	(915)
OPERATING TRANSFERS	
Transfers out	(246,917)
Change in Net Position	(247,832)
Net Position, Beginning of Year	247,832
Net Position, End of Year	\$ -

The accompanying notes are an integral part of this financial statement.

**ELIZABETH SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
For the Year Ended June 30, 2025**

	GOVERNMENTAL ACTIVITIES
	INTERNAL SERVICE FUND
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash paid to Suppliers	\$ (915)
Net cash provided (used) by operating activities	(915)
CASH FLOWS FROM INVESTING ACTIVITIES	-
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers (to) from other funds	(246,917)
Net cash provided (used) by noncapital financing activities	(246,917)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	-
Net Increase (Decrease) in Cash and Cash Equivalents	(247,832)
Cash and Cash Equivalents, Beginning of Year	247,832
Cash and Cash Equivalents, End of Year	\$ -

The accompanying notes are an integral part of this financial statement.

ELIZABETH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2025

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Elizabeth School District (the District) conform to generally accepted accounting principles as applicable to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Following is a summary of the District's more significant policies.

Reporting Entity

The financial reporting entity consists of the District, organizations for which the District is financially accountable, and organizations that raise and hold economic resources for the direct benefit of the District. All funds, organizations, institutions, agencies, departments, and offices that are not legally separate are part of the District. Legally separate organizations for which the District is financially accountable are considered part of the reporting entity. Financial accountability exists if the District appoints a voting majority of the organization's governing board and is able to impose its will on the organization, or if the organization has the potential to provide benefits to, or impose financial burdens on the District.

The District includes the Legacy Academy charter school (the School) within its reporting entity because the School's charter is authorized by the District and the majority of the School's revenues are provided by the District. The School has a separately elected board and is discretely presented in the financial statements. Separate financial statements for the School may be obtained by contacting the School at 1975 Legacy Circle, Elizabeth, Colorado 80107.

The Colorado Department of Education approved the charter application for Independence Classical Academy (the Academy) on October 28, 2024. The Academy is a legally separate public charter school for which the District is financially accountable and, therefore, it meets the criteria to be included as a discretely presented component unit of the District. The Academy is governed by a separately elected board. As of June 30, 2025, the Academy had not commenced operations and had no financial activity to report.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all nonfiduciary activities of the District and its component unit. For the most part, the effect of interfund activity has been removed from these financial statements. Exceptions to this general rule are charges for interfund services that are reasonably equivalent to the services provided. *Governmental activities*, which are supported by taxes and intergovernmental revenues, are reported in a single column. The *primary government* is reported separately from the legally separate *component unit* for which the District is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of the given function or segment 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 customers 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. Taxes and other items not properly included among program revenues are reported as *general revenues*.

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

In the fund financial statements, the District reports the following major governmental funds:

ELIZABETH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2025

- The *General Fund* - is the District's primary operating fund. It accounts for all financial resources of the District, except those accounted for in another fund.
- The *Food Service Fund* - accounts for the financial activities associated with the District's school breakfast and lunch programs. Revenues in this fund are mainly reimbursements from the State Department of Education for meals served.
- The *Student Activity Fund* - accounts for the revenue and expenditures associated with school sponsored pupil interscholastic and other related activities.

Additionally, the District reports the following funds:

- The *Grants Fund* - accounts for local, state and federal grant revenues and the related expenditures. The Grants Fund is considered a Special Revenue Fund as it is established for a revenue source restricted in use to grant purposes.
- The *Athletics Fund* - accounts for the revenue and expenditures associated with school sponsored interscholastic athletic activities.
- The *Capital Reserve Capital Projects Fund* - accounts for Board approved capital outlay and routine preventative and repair maintenance.
- The *Insurance Reserve Internal Service Fund* - accounted for the resources accumulated for the District's employee health and dental claims. This fund was closed during fiscal year 2025 as the District changed from a self-insured program to purchased plan.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of 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 agency fund financial statements are reported using the accrual basis of accounting.

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 collected within the current year or soon enough thereafter to pay liabilities of the current year. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current year.

Taxes, intergovernmental revenues, grants, and interest associated with the current year are considered to be susceptible to accrual and so have been recognized as revenues of the current year. All other revenues are considered to be measurable and available only when cash is received by the District.

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, are recorded only when payment is due.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

ELIZABETH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2025

When both restricted and unrestricted resources are available for a specific use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

Assets, Liabilities, Deferred Inflows and Outflows of Resources, and Fund Balances/Net Position

Cash Equivalents - For purposes of the statement of cash flows, cash equivalents include investments with original maturities of three months or less.

Receivables - All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Property taxes levied for the current year but not received at year end are reported as taxes receivable and are presented with an allowance for uncollectible taxes.

Inventories - Food Services Fund inventories are recorded as an asset when individual items are purchased and as an expenditure when consumed. Inventories are stated at average cost and consist of purchased and donated commodities. Purchased inventories are recorded at cost. Donated inventories, received at no cost under a program supported by the federal government, are valued at the cost furnished by the federal government.

Capital Assets - Capital assets, which include property and equipment, are reported in the governmental activities column in the government-wide financial statements and the proprietary fund in the fund financial statements. Capital assets are defined as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the acquisition value on the date of donation. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized.

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

Buildings	10 - 50 years
Equipment	8 - 20 years
Transportation Vehicles	8 - 30 years

Right-to-use lease assets are amortized over the shorter of the lease term or the useful life of the underlying asset.

Accrued Salaries and Benefits - Salaries and retirement benefits of certain contractually employed personnel are paid over a twelve-month period from September to August but are earned during a school year of approximately nine to ten months. The salaries and benefits earned, but unpaid, are reported as a liability in the financial statements.

Deferred Inflows of Resources - Deferred inflows of resources in the governmental fund financial statements include property taxes earned but not available as current financial resources.

Long-Term Liabilities - In the government-wide financial statements and the proprietary fund in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities. Debt premiums, discounts and accounting losses resulting from debt refunding's are deferred and amortized over the life of the debt using the straight-line method. In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses.

Debt issuance costs, whether or not withheld from the debt proceeds, are reported as current expenses or expenditures.

Leases - The District recognizes a lease liability and right-to-use lease assets in the government-wide financial statements. The District recognizes lease liabilities with an initial, individual value of \$5,000 or more.

ELIZABETH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2025

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 the lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for the 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 terms, 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 leases. 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.

Compensated Absences - Employees are allowed to accumulate unused vacation time for one year from the anniversary date on which it was granted. Accrued vacation time is paid to those eligible employees upon termination of employment.

These compensated absences are recognized as expenditures in the governmental funds when due. A long-term liability is reported in the government-wide financial statements for the accrued compensated absences when earned.

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

Postemployment Benefits Other Than Pensions (OPEB) - The District participates in the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit OPEB fund administered by the Public Employees' Retirement Association of Colorado (PERA). The net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, information about the fiduciary net position (FNP), and additions to/deductions from the FNP of the HCTF's 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 represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Net position should be displayed in the following three components:

ELIZABETH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2025

- *Net investment in capital assets* – consists of capital assets, net accumulated depreciation, reduced by the outstanding balances of any borrowings 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 should be included in this component of net position.
- *Restricted* – consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Restricted assets consist of assets that have limitations imposed on their use either through the enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.
- *Unrestricted* – consists of the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted components of net position.

Fund balances are reported by classification based on the extent to which the District is bound to honor constraints for the specific purposes on which amounts in the fund can be spent. Fund balances are classified in one of the following five categories:

- *Nonspendable Fund Balance* – amounts that cannot be spent because they are not in spendable form – such as inventory and prepaid expenditures.
- *Restricted Fund Balance* – amounts restricted when constraints placed on the use of resources are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.
- *Committed Fund Balance* – amounts that can only be used for specific purposes as a result of constraints imposed through adopted resolution by the Board of Education, the highest level of decision making authority. Committed amounts cannot be used for any other purpose unless the Board removes those constraints by taking the same type of action. Committed fund balances differ from restricted balances because the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.
- *Assigned Fund Balance* – amounts a government intends to use for a specific purpose; intent is expressed by the Board of Education.
- *Unassigned Fund Balance* – amounts that are available for any purpose; these amounts are reported only in the General Fund.

When an expenditure is incurred for purposes for which both restricted and unrestricted net position/fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board of Education has provided otherwise in its commitment or assignment actions.

District policy sets a financial goal to maintain a total fund balance in the General Fund of 2% of total operating revenues, in addition to any amounts required by state statutes.

ELIZABETH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2025

As of June 30, 2025, fund balances are composed of the following:

	General Fund	Food Service Fund	Student Activity Fund	Total Nonmajor Funds	Total Governmental Funds
Nonspendable:					
Inventory	\$ -	\$ 98,253	\$ -	\$ -	\$ 98,253
Restricted:					
Emergencies	813,000	-	-	-	813,000
Assigned:					
Athletics	-	-	-	28,430	28,430
Student Activities	-	-	479,791	-	479,791
Food Service	-	456,796	-	-	456,796
	<u>-</u>	<u>456,796</u>	<u>479,791</u>	<u>28,430</u>	<u>965,017</u>
Unassigned	<u>(131,227)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(131,227)</u>
Total Fund Balances	<u>\$ 681,773</u>	<u>\$ 555,049</u>	<u>\$ 479,791</u>	<u>\$ 28,430</u>	<u>\$ 1,745,043</u>

Property Taxes

Property taxes attach as an enforceable lien on property on January 1, are levied the following December, and are collected in the subsequent calendar year. Taxes are payable in full on April 30, or in two installments on February 28 and June 15. The County Treasurer’s Office collects property taxes and remits to the District on a monthly basis. When taxes become delinquent, the property is sold on the tax sale date.

Encumbrances

The District does not record purchase orders in the accounting system until invoices are ready for payment. Unfulfilled purchase commitments outstanding at the end of the budget year are rebudgeted in the succeeding year. End of the year fund balance intended to be used in the succeeding year is reported as designated fund balance.

Use of Estimates

The preparation of the financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates

Subsequent Events

The District has evaluated subsequent events through February 19, 2026, the date the financial statements were available to be issued.

New Accounting Pronouncements

During fiscal year 2025, the District adopted the provisions of GASB Statement No. 101, *Compensated Absences*, that aligns the recognition and measurement guidance for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means under a unified model. In addition, it amended certain previously required disclosures. There is no effect on beginning net position as a result of the implementation of this standard.

ELIZABETH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2025

NOTE 2 CASH AND INVESTMENTS

The District had the following cash and investments at June 30, 2025:

Deposits	\$ 401,008
Investments	2,340,587
Total	\$ 2,741,595

Deposits

The Colorado Public Deposit Protection Act (PDPA) requires local government entities to 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. The 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 uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. At June 30, 2025, the District had bank deposits of \$552,185 collateralized with securities held by the financial institution’s agent but not in the District’s name.

Investments

The District is required to comply with State statutes which specify investment instruments meeting defined rating, maturity, and concentration risk criteria in which local governments may invest, which include the following. State statutes do not address custodial risk.

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

Fair Value Measurements - At June 30, 2025, the District’s investments in Colotrust and a money market fund are reported at the net asset value per share.

Interest Rate Risk - State statutes generally limit investments to an original maturity of five years from the date of purchase unless the governing board authorizes the investment for a period in excess of five years.

Credit Risk - State statutes limit certain investments to those with specified ratings from nationally recognized statistical rating organizations, depending on the type of investment.

Concentration of Credit Risk - State statutes do not limit the amount the District may invest in a single issuer of investment securities, except for corporate securities.

Local Government Investment Pool - At June 30, 2025, the District had \$2,340,587 invested in the Colorado Local Government Liquid Asset Trust (Colotrust) Plus. Colotrust is an investment vehicle established for local government entities in Colorado pursuant to Part 7 of Article 75 of Title 24 of the Colorado Revised Statutes, to pool surplus funds for investment purposes. Colotrust is measured at the net asset value per share, with each share valued at \$1. Colotrust is rated AAAM by Standard and Poor’s. Investments of Colotrust are limited to those allowed by State

ELIZABETH SCHOOL DISTRICT
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statutes. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. The custodian's internal records identify the investments owned by the participating governments.

NOTE 3 CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2025, is summarized below.

	Balance 6/30/2024	Additions	Retirements	Balance 6/30/2025
<i>Governmental Activities</i>				
Capital assets not being depreciated				
Land	\$ 298,022	\$ -	\$ -	\$ 298,022
Construction in progress	84,802	436,520	-	521,322
Total capital assets not being depreciated	<u>382,824</u>	<u>436,520</u>	<u>-</u>	<u>819,344</u>
Capital assets being depreciated				
Buildings	28,955,557	4,848,679	-	33,804,236
Equipment	1,457,915	305,308	-	1,763,223
Vehicles	1,574,543	150,432	-	1,724,975
Right-to-use leased assets:				
Vehicles	-	1,600,000	-	1,600,000
Total capital assets being depreciated/amortized	<u>31,988,015</u>	<u>6,904,419</u>	<u>-</u>	<u>38,892,434</u>
Less: Accumulated depreciation/amortization				
Buildings	14,978,438	946,959	-	15,925,397
Equipment	591,814	105,546	-	697,360
Vehicles	496,877	165,733	-	662,610
Right-to-use leased assets:				
Vehicles	-	320,000	-	320,000
Total accumulated depreciation/amortization	<u>16,067,129</u>	<u>1,538,238</u>	<u>-</u>	<u>17,605,367</u>
Total capital assets being depreciated/amortized, net	<u>15,920,886</u>	<u>5,366,181</u>	<u>-</u>	<u>21,287,067</u>
Governmental Activities capital assets, net	<u>\$ 16,303,710</u>	<u>\$ 5,802,701</u>	<u>\$ -</u>	<u>\$ 22,106,411</u>

Depreciation expense was charged to the following functions:

Instruction	\$ 866,493
Student Support Services	117,347
Business Support Services	11,520
Operations and Maintenance of Plant Services	24,095
Student Transportation Services	504,478
Food Services	14,305
Total Depreciation	<u>\$ 1,538,238</u>

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NOTE 4 COLORADO STATE TREASURER’S INTEREST-FREE LOAN PROGRAM

During the fiscal year ended June 30, 2025, the Elizabeth School District participated in the Colorado State Treasurer’s Interest-Free Loan Program. The program is designed to assist with cash flow needs that arise due to the timing of property tax receipts and budgeted expenditures. The District was authorized to borrow up to \$3,000,000 under this program. The loan was secured by a lien on ad valorem property taxes collected between March 1, 2025, and June 30, 2025, and was required to be repaid by June 25, 2025, to avoid any interest charges.

The District complied with all program requirements, including providing required financial information and maintaining communication with the State Treasurer. The General Fund was used to repay the loan.

A summary of the loan activity for the year is as follows:

Balance 6/30/2024	Draws (Increases)	Repayments (Decreases)	Balance 6/30/2025
\$ -	\$ 1,141,942	\$ (1,141,942)	\$ -

NOTE 5 LONG TERM LIABILITIES

Following is a summary of long-term debt transactions for the year ended June 30, 2025:

	Balance 6/30/2024	Additions	Deletions	Balance 6/30/2025	Due Within One Year
<i>Governmental Activities</i>					
Leases	\$ 145,682	\$ 1,600,000	\$ 436,459	\$ 1,309,223	\$ 304,705
Financed purchases	-	4,564,785	(21,763)	4,586,548	27,441
Accrued compensated absences	180,274	56,412*	-	236,686	139,238
<i>Total Governmental Activities</i>	<u>\$ 325,956</u>	<u>\$ 6,221,197</u>	<u>\$ 414,696</u>	<u>\$ 6,132,457</u>	<u>\$ 471,384</u>

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

Leases

2018 bus lease - In July 2018, the District entered into a master lease agreement for \$938,683 to lease buses. Principal payments are due annually on April 1, 2019, through 2025. Interest payments are due semi-annually on April 1 and October 1, with interest accruing at 3.13% per annum. This lease was paid in full in April 2025.

2025 bus lease – In June 2024, the District entered into a noncancelable lease agreement with Bank of America, National Association, as lessor, to lease various school buses and two white fleet vehicles. The lease includes an original term plus four consecutive renewal terms, with the final payment due June 28, 2029. The District is required to make annual payments of \$367,417, with an interest rate of 4.79% per annum. The vehicles are titled in the District’s name, with the lessor as lienholder. The lease does not contain automatic transfer of ownership at the end of the term. There are no variable lease payments, residual value guarantees, or other significant terms not included in the measurement of the lease liability. At June 30, 2025, the District recognized a right-to-use lease asset for vehicles in the amount of \$1,600,000, with accumulated amortization of \$320,000, resulting in a net carrying value of \$1,280,000. At June 30, 2025, the District recognized a lease liability of \$1,309,223.

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The future minimum lease payments at June 30, 2025 are as follows:

	Principal	Interest	Total
FY 2026	\$ 304,705	\$ 62,712	\$ 367,417
FY 2027	319,301	48,116	367,417
FY 2028	334,595	32,822	367,417
FY 2029	350,622	16,795	367,417
	\$ 1,309,223	\$ 160,445	\$ 1,469,668

Financed Purchase

Energy efficiency upgrades - The District has entered into a financed-purchase agreement for the acquisition of energy efficiency improvements, including LED lighting, HVAC, building, automation, and building envelope upgrades at various District facilities. The original amount of the agreements totaled \$4,564,785, with an outstanding balance of \$4,543,022 as of June 30, 2025. The agreements bear interest at a rate of 4.140% and mature through June 30, 2044. The assets acquired through these agreements are included in capital assets at a cost of \$4,564,785, with accumulated depreciation of \$228,239 as of June 30, 2025.

The future minimum lease payments at June 30, 2025 are as follows:

	Principal	Interest	Total
FY 2026	\$ 27,441	\$ 190,440	\$ 217,881
FY 2027	68,963	188,041	257,004
FY 2028	84,831	185,023	269,854
FY 2029	102,012	181,335	283,347
FY 2030	120,593	176,321	296,914
FY 2031-2035	937,495	788,656	1,726,151
FY 2036-2040	1,672,449	530,605	2,203,054
FY 2041-2044	1,572,764	124,526	1,697,290
	\$ 4,586,548	\$ 2,364,947	\$ 6,951,495

NOTE 6 INTERFUND TRANSACTIONS

Interfund transfers for the year ended June 30, 2025 were as follows:

	Transfers In	Transfers Out
General Fund	\$ 556,463	\$ 556,371
Athletics Fund	556,371	-
Capital Reserve Fund	-	309,546
Insurance Reserve Fund	-	246,917
	\$ 1,112,834	\$ 1,112,834

During the year ended June 30, 2025, the General Fund provided financial support to the Athletics Fund and the remaining equity in the Capital Reserve and Insurance Reserve Internal Service Funds was transferred to the General Fund.

ELIZABETH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 7 RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; natural disasters; and health and dental claims of its employees. The District accounts for and finances its risk activities in the General Fund.

The District purchases commercial insurance for property, liability, and workers compensation risks of loss. At the beginning of fiscal year 2025, the District cancelled its self-insured employee health and dental plan and transitioned to a fully insured, purchased insurance plan. As a result, the Insurance Reserve Internal Service Fund, which previously accounted for resources accumulated for employee health and dental claims, was closed.

All claims related to the self-insured plan were paid in full during the year, and there was no outstanding liability for unpaid claims as of June 30, 2025. Any remaining assets in the fund were transferred to the General Fund. The District now accounts for health and dental insurance expenditures as premiums paid to commercial insurers.

NOTE 8 DEFINED BENEFIT PENSION PLAN

General Information

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

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

- 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 percent match on eligible amounts as of the retirement date. This amount is then annualized into a monthly benefit based on life expectancy and other actuarial factors.

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

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

Upon meeting certain criteria, benefit recipients who elect to receive a lifetime retirement benefit generally receive post-retirement cost-of-living adjustments, referred to as annual increases in the C.R.S. Subject to the automatic

ELIZABETH SCHOOL DISTRICT
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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, 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 a disability. The disability benefit amount is based on the lifetime retirement benefit formula(s) shown above considering a minimum of 20 years of service credit, if deemed disabled.

Survivor benefits are determined by several factors, which include the amount of earned service credit, highest average salary of the deceased, the benefit structure(s) in place 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 the District and the State are required to contribute to the SCHDTF at a rate set by Colorado statute. The contribution requirements for the SCHDTF are established under C.R.S. § 24-51-401, *et seq.* and § 24-51-413. Eligible employees are required to contribute 11.00% of their PERA-includable salary during the period of July 01, 2024 through June 30, 2025. Employer contribution requirements are summarized in the following table:

	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 District is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from the District were \$3,339,252, 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 a \$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.

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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 at 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 District's proportion of the net pension liability was based on the District's contributions to the SCHDTF for the calendar year 2024 relative to the total contributions of participating employers and State as a nonemployer contributing entity.

At June 30, 2025, the District reported a liability of \$35,839,724, for its proportionate share of the net pension liability that reflected an increase for support from the State as a nonemployer contributing entity. The amount recognized by the District as its proportionate share of the net pension liability, the related support from the State as a nonemployer contributing entity, and the total portion of the net pension liability that was associated with the District were as follows:

Elizabeth School District's proportionate share of the net pension liability	\$ 35,839,724
The State's proportionate share of the net pension liability as a nonemployer contribution entity association with the Elizabeth School District	3,218,976
Total	\$ 39,058,700

At December 31, 2024, the District's proportion was 0.208%, which was a decrease of 0.030% from its proportion measured at December 31, 2023.

For the year ended June 30, 2025, the District recognized pension expense of \$311,390 and revenue of \$293,796 for support from the State as a nonemployer contributing entity. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 2,029,550	\$ -
Net difference between projected and actual earnings on pension plan investments	676,196	-
Changes of assumptions or other inputs	268,695	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	3,541,149	3,663,167
Contributions subsequent to the measurement date	1,673,868	-
Total	\$ 8,189,458	\$ 3,663,167

\$1,673,868 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 as pension expense as follows:

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Year Ended June 30,	
2026	\$ 2,864,900
2027	2,049,075
2028	(1,579,290)
2029	(482,262)
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 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 (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.

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 Rate	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 rated 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.

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

Salary scale assumptions were altered to better reflect actual experience.

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

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

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

	Mortality Rate	Adjustments, as Applicable
Pre-Retirement	PubT-2010 Employee	N/A
Post-Retirement (Retiree), Non-Disabled	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	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 regularly scheduled 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 percentage and then adding expected inflation.

The PERA Board first adopted the 7.25% long-term expected rate of return as of November 18, 2016. Following an asset/liability study, the Board reaffirmed the assumed rate of return at the November 15, 2019, meeting, and again at the Board's September 20, 2024, meeting. As of the most recent reaffirmation of the long-term rate of return, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the table as follows:

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<u>Asset Class</u>	<u>Target Allocation</u>	<u>30 Year Expected Geometric Real Rate of Return</u>
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	<u>100.00%</u>	

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 (actual dollars) commencing July 1, 2018, that is proportioned between the State, School, Judicial, and DPS Division Trust Funds based upon the covered payroll of each Division. The annual direct distribution ceases when all Division Trust Funds are fully funded.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial FNP, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the FNP and the subsequent AIR benefit payments were estimated and included in the projections.

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- 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 determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25%. There was no change in the discount rate from the prior measurement date.

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	\$ 48,590,359	\$ 35,839,724	\$ 25,159,284

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.

NOTE 9 POST EMPLOYMENT HEALTHCARE BENEFITS (OPEB)

General Information

Plan description - Eligible employees of the District are provided with OPEB through the HCTF - a cost-sharing multiple-employer defined benefit OPEB plan administered by PERA. The HCTF is established under Title 24, Article 51, Part 12 of the Colorado Revised Statutes (C.R.S.), as amended, and sets forth a framework that grants authority to the PERA Board to contract, selfinsure, 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.

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 are eligible for a premium subsidy, if enrolled in a health care plan under PERACare.

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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 over 65 years of age 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 by assuming plan participants have both Medicare Part A and Part B and the difference in premium cost is paid by the HCTF on behalf of benefit recipients not covered by Medicare Part A.

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

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the District were \$167,126, 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 District reported a liability of \$635,898 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 District's proportion of the net OPEB liability was based on the District's 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 District's proportion was 0.133%, which was a decrease of 0.009% from its proportion measured at December 31, 2023.

For the year ended June 30, 2025, the District recognized OPEB expense of (\$198,527). At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

ELIZABETH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2025

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 140,266
Net difference between projected and actual earnings on		
OPEB plan investments	2,156	203,265
Changes of assumptions or other inputs	7,292	
Changes in proportion and differences between contributions		
recognized and proportionate share of contributions	81,057	70,579
Contributions subsequent to the measurement date	83,775	-
Total	\$ 174,280	\$ 414,110

\$83,775 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 as OPEB expense as follows:

Year Ended June 30,	
2026	\$ (83,132)
2027	(49,155)
2028	(74,367)
2029	(50,611)
2030	(41,818)
Thereafter	(24,524)

Actuarial Assumptions - The TOL in the December 31, 2023 actuarial valuation was determined using the following actuarial cost method, 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

ELIZABETH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2025

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

Each year the per capita health care costs are developed by plan option. As of the December 31, 2023, actuarial valuation, costs are based on 2024 premium rates for the UnitedHealthcare Medicare Advantage Prescription Drug (MAPD) PPO plan #1, the UnitedHealthcare MAPD PPO plan #2, and the Kaiser Permanente MAPD HMO plan. Actuarial morbidity factors were then applied to estimate individual retiree and spouse costs by age, gender, and health care cost trend. This approach applies for all members and is adjusted accordingly for those not eligible for premium-free Medicare Part A for the PERA benefit structure.

Age-Related Morbidity Assumptions		
Participant Age	Annual Increase (Male)	Increase (Female)
65-68	2.20%	2.30%
69	2.80%	2.20%
70	2.70%	1.60%
71	3.10%	0.50%
72	2.30%	0.70%
73	1.20%	0.80%
74	0.90%	1.50%
75-85	0.90%	1.30%
86 and older	0.00%	0.00%

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 below.

ELIZABETH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2025

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.

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

Year	PERACare	MAPD PPO #2	Medicare Part A
	Medicare Plans		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.

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.

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NOTES TO THE BASIC FINANCIAL STATEMENTS
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Pre-Retirement	Mortality Rate	Adjustments, as Applicable
School Division	PubT-2010 Employee	N/A
Post-Retirement (Retiree), Non-Disabled	Mortality Rate	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
Post-Retirement (Beneficiary), Non-Disabled	Mortality Rate	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
Disabled	Mortality Rate	Adjustments, as Applicable
Members other than Safety Officers	Pub-2010 Disabled Retiree	99% of the rates for all ages

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

- Per capita health care costs in effect as of the December 31, 2023, valuation date for those PERACare enrollees under the PERA benefit structure who are expected to be age 65 and older and are not eligible for premium-free Medicare Part A benefits were updated to reflect costs for the 2024 plan year.
- The health care cost trend rates applicable to health care premiums were revised to reflect the current expectation of future increases in those premiums. A separate trend rate assumption set was added for MAPD PPO #2 as the first-year rate is still below the maximum subsidy and also the assumption set reflects the estimated impact of the Inflation Reduction Act for that plan option.
- The Medicare health care plan election rate assumptions were updated effective as of the December 31, 2023, valuation date based on an experience analysis of recent data.

The actuarial assumptions used in the December 31, 2023, valuation were based on the results of 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.

	School Division
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.

ELIZABETH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2025

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.

Pre-Retirement	Mortality Rate	Adjustments, as Applicable
School Division	PubT-2010 Employee	N/A
Post-Retirement (Retiree), Non-Disabled	Mortality Rate	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 Rate	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 Rate	Adjustments, as Applicable
Members other than Safety Officers	Pub-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 reviewed as part of regularly scheduled experience studies performed at least every five years, and asset/liability studies, performed every three to five years for PERA. The most recent analyses were outlined in the 2024 Experience Study report dated January 3, 2025.

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

The PERA Board first adopted the 7.25% long-term expected rate of return as of November 18, 2016. Following an asset/liability study, the Board reaffirmed the assumed rate of return at the November 15, 2019, meeting, and again at the Board's September 20, 2024, meeting. As of the most recent reaffirmation of the long-term rate of return, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the table as follows:

ELIZABETH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2025

<u>Asset Class</u>	<u>Target Allocation</u>	<u>30 Year Expected Geometric Real Rate of Return</u>
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	<u>100.00%</u>	

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 District's 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:

	<u>1% Decrease in Trend Rates</u>	<u>Current Trend Rates</u>	<u>1% Increase in Trend Rates</u>
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	<u>\$ 618,765</u>	<u>\$ 635,898</u>	<u>\$ 655,288</u>

¹ For 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%.
- 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.

ELIZABETH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2025

- 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 longterm 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 does not use the municipal bond index rate, and therefore, the discount rate is 7.25%. There was no change in the discount rate from the prior measurement date.

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

	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
Proportionate share of the net OPEB liability	\$ 779,303	\$ 635,898	\$ 512,266

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.

NOTE 10 DEFINED CONTRIBUTION PENSION PLANS

Voluntary Investment Program (PERAPlus 401(k) Plan)

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

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, Seciton 1402 of the C.R.S., as amended. Employees are immediately vested in their own contributions and investment earnings. For the year ended June 30, 2025, program members contributed \$86,588 for the Voluntary Investment Program. The District does not make matching contributions to this plan.

ELIZABETH SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2025

Deferred compensation Plan (PERA Plus 457 Plan)

Plan Description - Employees of the District may voluntarily contribute to the Deferred Compensation Plan (PERAPlus 457Plan), an Internal Revenue Code Section 457 deferred compensation plan administered by PERA. Title 24, Article 51, Part 16 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/forms-resources/financial-reports-and-studies.

Funding Policy – The PERAPlus 457 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 1603 of the C.R.S., as amended. For the year ended June 30, 2025, program members contributed \$20,963 for the Voluntary Investment Program. The District does not make matching contributions to this plan.

NOTE 11 COMMITMENTS AND CONTINGENCIES

Claims and Judgments

The District is periodically involved in legal matters and claims arising in the normal course of operations. These matters are subject to inherent uncertainties, and their outcomes are not presently determinable.

As of June 30, 2025, management, after consultation with legal counsel, is unable to estimate the amount or range of any potential loss, if any, that may result from these matters. Accordingly, no liability has been recorded in the accompanying financial statements.

Grant Programs

The District participates in a number of federal, state, and local programs that are fully or partially funded by grants received from other governmental entities. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the District may be required to reimburse the grantor government. At June 30, 2025, significant amounts of grant expenditures have not been audited but management believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the District.

TABOR Amendment

In November 1992, Colorado voters passed Article X, Section 20 (the Amendment) to the State Constitution which limits state and local government taxing powers and imposes spending limits. The District is subject to the Amendment.

In November 1996, voters within the District authorized the District to collect and to expend the full revenues received by the District from any source in the current fiscal year and in each fiscal year thereafter, notwithstanding the limits of the Amendment. The Amendment is subject to many interpretations, but the District believes it is in substantial compliance with the Amendment.

The Amendment requires the District to establish a reserve for emergencies, representing 3% of qualifying expenditures. At June 30, 2025, the District's emergency reserve was reported as restricted fund balance in the General Fund, in the amount of \$813,000.

ELIZABETH SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

In addition to the basic financial statements, a budgetary comparison schedule is required for the General Fund and each of the District's major special revenue funds. In addition, pension and OPEB plan contributions and the District's proportionate share of the net pension and OPEB liability are required to supplement the basic financial statements.

ELIZABETH SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - Report AND ACTUAL
GENERAL FUND
For the Year Ended June 30, 2025

	<u>ReportED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>FINAL Report</u> <u>POSITIVE</u> <u>(NEGATIVE)</u>
REVENUES				
Local Sources	\$ 13,434,371	\$ 14,744,815	\$ 14,633,744	\$ (111,071)
Intermediate Sources	-	443,000	436,812	(6,188)
State Sources	13,292,587	10,748,047	11,751,175	1,003,128
Federal Sources	-	448,000	596,903	148,903
TOTAL REVENUES	<u>26,726,958</u>	<u>26,383,862</u>	<u>27,418,634</u>	<u>1,034,772</u>
EXPENDITURES				
Current				
Instructional Program	15,969,226	14,164,555	13,721,856	442,699
Student Supporting Services	1,585,000	2,385,665	2,570,628	(184,963)
Instructional Staff Supporting Services	290,000	835,515	634,859	200,656
General Administration Supporting Services	1,030,000	1,930,531	2,196,541	(266,010)
School Administration Supporting Services	1,110,000	1,590,828	1,608,689	(17,861)
Business Supporting Services	674,424	566,168	616,986	(50,818)
Operations and Maintenance of Plant Services	2,180,000	2,778,684	2,658,697	119,987
Student Transportation Services	1,143,000	1,781,284	3,482,987	(1,701,703)
Central Support Services	680,000	1,240,657	1,178,048	62,609
Other Support Services	300,000	56,533	56,535	(2)
Community Service Operations	-	295,180	297,695	(2,515)
Facilities Acquisition and Construction Services	-	56,400	4,621,185	(4,564,785)
Debt Service	150,000	318,000	873,152	(555,152)
TOTAL EXPENDITURES	<u>25,111,650</u>	<u>28,000,000</u>	<u>34,517,858</u>	<u>(6,517,858)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>1,615,308</u>	<u>(1,616,138)</u>	<u>(7,099,224)</u>	<u>(5,483,086)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from Issuance of Long-Term Liabilities	-	-	6,164,785	6,164,785
Transfers In (Out)	(997,000)	-	92	92
TOTAL OTHER FINANCING SOURCES (USES)	<u>(997,000)</u>	<u>-</u>	<u>6,164,877</u>	<u>6,164,877</u>
Net Change in Fund Balance	618,308	(1,616,138)	(934,347)	681,791
Fund Balance, Beginning of Year	<u>1,001,367</u>	<u>1,616,138</u>	<u>1,616,120</u>	<u>(18)</u>
Fund Balance, End of Year	<u>\$ 1,619,675</u>	<u>\$ -</u>	<u>\$ 681,773</u>	<u>\$ 681,773</u>

Notes To Required Supplementary Information

The basis of Reporting is the same as GAAP.
This schedule is presented on the GAAP basis.

ELIZABETH SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOOD SERVICE FUND
For the Year Ended June 30, 2025

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>FINAL BUDGET</u>
				<u>POSITIVE</u>
				<u>(NEGATIVE)</u>
REVENUES				
Local Sources	\$ 70,000	\$ 70,000	\$ 50,201	\$ (19,799)
State Sources	253,500	575,000	651,302	76,302
Federal Sources	449,000	449,000	403,860	(45,140)
TOTAL REVENUES	<u>772,500</u>	<u>1,094,000</u>	<u>1,105,363</u>	<u>11,363</u>
EXPENDITURES				
Current				
Operation and Maintenance of Plant Services	-	-	488	(488)
Food Services				
Salaries	600,000	600,000	450,010	149,990
Fringe Benefits	80,000	80,000	176,918	(96,918)
Purchased Professional Services	25,000	25,000	10,774	14,226
Purchased Property Services	10,000	10,000	7,251	2,749
Equipment	-	-	79,784	(79,784)
Food and Commodities	61,113	944,409	390,496	553,913
TOTAL EXPENDITURES	<u>776,113</u>	<u>1,659,409</u>	<u>1,115,721</u>	<u>543,688</u>
Net Change in Fund Balance	(3,613)	(565,409)	(10,358)	555,051
Fund Balance, Beginning of Year	<u>56,424</u>	<u>565,409</u>	<u>565,407</u>	<u>(2)</u>
Fund Balance, End of Year	<u>\$ 52,811</u>	<u>\$ -</u>	<u>\$ 555,049</u>	<u>\$ 555,049</u>

Notes To Required Supplementary Information

The basis of budgeting is the same as GAAP.

This schedule is presented on the GAAP basis.

ELIZABETH SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
STUDENT ACTIVITY FUND
For the Year Ended June 30, 2025

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>FINAL BUDGET</u>
				<u>POSITIVE</u>
				<u>(NEGATIVE)</u>
REVENUES				
Local Sources	\$ 600,000	\$ 600,000	\$ 612,660	\$ 12,660
TOTAL REVENUES	<u>600,000</u>	<u>600,000</u>	<u>612,660</u>	<u>12,660</u>
EXPENDITURES				
Instructional Program	<u>600,000</u>	<u>800,000</u>	<u>577,072</u>	<u>222,928</u>
TOTAL EXPENDITURES	<u>600,000</u>	<u>800,000</u>	<u>577,072</u>	<u>222,928</u>
Net Change in Fund Balance	-	(200,000)	35,588	235,588
Fund Balance, Beginning of Year	<u>398,528</u>	<u>444,203</u>	<u>444,203</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 398,528</u>	<u>\$ 244,203</u>	<u>\$ 479,791</u>	<u>\$ 235,588</u>

Notes To Required Supplementary Information

The basis of budgeting is the same as GAAP.

This schedule is presented on the GAAP basis.

ELIZABETH SCHOOL DISTRICT
NOTES TO THE BUDGETARY COMPARISON SCHEDULES
For the Year Ended June 30, 2025

NOTE 1 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgets and Budgetary Accounting

A budget is adopted for the District on a basis consistent with generally accepted accounting principles.

Management submits to the Board of Education a proposed budget for the fiscal year commencing for the following July 1, for their approval. The budget includes proposed expenditures and the means of financing them.

Expenditures may not legally exceed appropriations at the fund level. Revisions that alter the total expenditures of any fund must be approved by the Board of Education. The Board of Education did adopt supplemental appropriations during fiscal year 2025.

All appropriations lapse at fiscal year-end.

Stewardship

Expenditures in the General Fund, Grants Fund, and Capital Reserve Project Fund exceed appropriations by \$12,100,749, \$159,972, and \$345,500, respectively, during fiscal year 2025. This may be a violation of Colorado Revised Statutes 29-1-110.

A budget was not adopted for the Insurance Reserve Fund for fiscal year 2025. This may be a violation of Colorado Revised Statute 29-1-103.

ELIZABETH SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
PERA SCHDTF PENSION PLAN
For the Years Ended June 30,

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
District's proportion of the net pension liability	0.208%	0.238%	0.180%	0.209%	0.225%	0.195%	0.191%	0.220%	0.224%	0.226%
District's proportionate share of the net pension liability	\$ 35,839,724	\$ 42,014,612	\$ 32,693,015	\$ 24,343,502	\$ 34,028,120	\$ 29,117,482	\$ 33,796,644	\$ 71,284,278	\$ 66,548,285	\$ 34,550,432
State's proportionate share of the net pension liability associated with the District	3,218,976	921,256	9,527,073	1,977,939	-	3,693,183	4,621,222	-	-	-
Total	\$ 39,058,700	\$ 42,935,868	\$ 42,220,088	\$ 26,321,441	\$ 34,028,120	\$ 32,810,665	\$ 38,417,866	\$ 71,284,278	\$ 66,548,285	\$ 34,550,432
District's covered payroll	\$ 16,050,520	\$ 15,707,053	\$ 13,847,891	\$ 12,681,759	\$ 12,039,762	\$ 11,450,609	\$ 10,492,895	\$ 10,168,895	\$ 10,031,633	\$ 9,844,881
District's proportionate share of the net pension liability as a percentage of its covered payroll	223%	267%	236%	192%	283%	254%	322%	701%	663%	351%
Plan fiduciary net position as a percentage of the total pension liability	67%	65%	62%	75%	67%	65%	57%	44%	43%	59%

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

ELIZABETH SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS
PERA SCHDTF PENSION PLAN
For the Years Ended June 30,

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution	\$ 3,339,252	\$ 3,332,810	\$ 2,893,823	\$ 2,639,980	\$ 2,426,830	\$ 2,285,758	\$ 2,064,761	\$ 1,922,340	\$ 1,878,956	\$ 1,766,053
Contributions in relation to the contractually required contribution	<u>(3,339,252)</u>	<u>(3,332,810)</u>	<u>(2,893,823)</u>	<u>(2,639,980)</u>	<u>(2,426,830)</u>	<u>(2,285,758)</u>	<u>(2,064,761)</u>	<u>(1,922,340)</u>	<u>(1,878,956)</u>	<u>(1,766,053)</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	16,384,879	16,354,369	14,199,387	13,279,570	12,207,382	11,794,393	10,793,253	10,178,906	10,220,669	9,942,516
Contributions as a percentage of covered payroll	20.38%	20.38%	20.38%	19.88%	19.88%	19.38%	19.13%	18.89%	18.38%	17.76%

See Notes to the Required Supplementary Information

ELIZABETH SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE NET OPEB LIABILITY
COLORADO PERA HEALTHCARE TRUST FUND
For the Years Ended June 30,

	2025	2024	2023	2022	2021	2020	2019	2018
District's proportion of the net OPEB liability	0.133%	0.142%	0.136%	0.132%	0.130%	0.127%	0.124%	0.125%
District's proportionate share of the net OPEB liability	\$ 635,898	\$ 1,014,484	\$ 1,114,200	\$ 1,142,471	\$ 1,237,149	\$ 1,431,390	\$ 1,687,937	\$ 1,627,832
District's covered payroll	\$ 16,050,520	\$ 15,707,053	\$ 13,847,891	\$ 12,681,759	\$ 12,681,759	\$ 12,039,762	\$ 11,450,609	\$ 10,168,895
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	3.96%	6.46%	8.05%	9.01%	9.76%	11.89%	14.74%	16.01%
Plan fiduciary net position as a percentage of the total OPEB liability	60%	39%	39%	39%	33%	24%	17%	18%

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

**This schedule is presented to show information for 10 years. Until information for the full 10-year period is available, information will be presented as it is available.

ELIZABETH SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS
COLORADO PERA HEALTHCARE TRUST FUND
For the Years Ended June 30,

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 167,126	\$ 166,782	\$ 144,834	\$ 135,452	\$ 124,515	\$ 120,303	\$ 110,091	\$ 103,825
Contributions in relation to the contractually required contribution	<u>(167,126)</u>	<u>(166,782)</u>	<u>(144,834)</u>	<u>(135,452)</u>	<u>(124,515)</u>	<u>(120,303)</u>	<u>(110,091)</u>	<u>(103,825)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 16,384,879	\$ 16,354,369	\$ 14,199,387	\$ 13,279,570	\$ 13,279,570	\$ 12,207,382	\$ 11,794,393	\$ 10,178,906
Contributions as a percentage of covered payroll	1.02%	1.02%	1.02%	1.02%	0.94%	0.99%	0.93%	1.02%

*This schedule is presented to show information for 10 years. Until information for the full 10-year period is available, information will be presented for the years it is available.

ELIZABETH SCHOOL DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2025

NOTE 1 PENSION PLAN - COLORADO PERA SCHDTF

Significant Changes in Plan Provisions Affecting Trends in Actuarial Information

2024 – There were no changes made to the plan provisions.

2023

- Senate Bill (SB) 23-056, enacted and effective June 2, 2023, intended to recompense PERA for the remaining portion of the \$225 million direct distribution originally scheduled for receipt July 1, 2020, suspended due to the enactment of House Bill (HB) 20-1379, but not fully repaid through the provisions within HB 22-1029. Pursuant to SB 23-056, the State Treasurer issued a warrant consisting of the balance of the PERA Payment Cash Fund, created in §24-51-416, plus \$10 million from the General Fund, totaling \$14.561 million.
- As of the December 31, 2023, measurement date, the total pension liability (TPL) recognizes the change in the default method applied for granting service accruals for certain members, from a "12-pay" method to a "non-12-pay" method. The default service accrual method for positions with an employment pattern of at least eight months but fewer than 12 months (including, but not limited to positions in the School and DPS Divisions) receive a higher ratio of service credit for each month worked, up to a maximum of 12 months of service credit per year.

2022

- HB 22-1029, effective upon enactment in 2022, required the State Treasurer to issue, in addition to the regularly scheduled \$225,000 direct distribution, a warrant to PERA in the amount of \$380,000 with reductions to future direct distributions. The July 1, 2023, direct distribution will be reduced by \$190,000 to \$35,000. The July 1, 2024, direct distribution will not be reduced from \$225,000 due to a negative investment return in 2022.

2021

- The following changes reflect the anticipated adjustments resulting from the 2020 automatic adjustment provision (AAP) assessment, statutorily recognized July 1, 2021, and effective July 1, 2022:
 - Member contribution rates increase by 0.50%.
 - Employer contribution rates increase by 0.50%.
 - Annual increase (AI) cap is lowered from 1.25% per year to 1.00% per year.

2020

- HB 20-1379, enacted on June 29, 2020, suspended the \$225,000 direct distribution payable on July 1, 2020 for the State's 2020-21 fiscal year.

2019

- SB 18-200 was enacted on June 4, 2018, which included the adoption of the AAP. The following changes reflect the anticipated adjustments resulting from the 2018 AAP assessment, statutorily recognized July 1, 2019, and effective July 1, 2020:
 - Member contribution rates increase by 0.50%.
 - Employer contribution rates increase by 0.50%.
 - AI cap is lowered from 1.50% per year to 1.25% per year.

ELIZABETH SCHOOL DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2025

2018

- The following changes were made to the plan provisions as part of SB 18-200:
 - Member contribution rates increase by 0.75% effective July 1, 2019, an additional 0.75% effective July 1, 2020, and an additional 0.50% effective July 1, 2021.
 - Employer contribution rates increase by 0.25% effective July 1, 2019
 - An annual direct distribution of \$225,000 from the State of Colorado, recognized as a nonemployer contributing entity, is distributed between the State, School, Judicial, and DPS Divisions proportionally based on payroll.
 - AI cap is lowered from 2.00% per year to 1.50% per year.
 - Initial AI waiting period is extended from one year after retirement to three years after retirement.
 - AI payments are suspended for 2018 and 2019.
 - The number of years used in the Highest Average Salary calculation for non-vested members as of January 1, 2020, increases from three to five years.

2017 – no changes

2016 – no changes

2015 – no changes

Significant Changes in Assumptions or Other Inputs Affecting Trends in Actuarial Information

2024

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

2023 – no changes

2022– no changes

2021

- The assumption used to value the AI cap benefit provision was changed from 1.25% to 1.00%.

2020

- The price inflation assumption was lowered from 2.40% to 2.30%.
- The wage inflation assumption was lowered from 3.50% to 3.00%.
- The real rate of investment return assumption was increased to 4.95% per year, net of investment expenses from 4.85% per year, net of investment expenses.
- Salary scale assumptions were revised to align with revised economic assumptions and to more closely reflect actual experience.
- Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.
- The pre-retirement mortality assumption for the School and DPS Divisions was changed to the PubT-2010 Employee Table with generational projection using scale MP-2019.

ELIZABETH SCHOOL DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2025

- The post-retirement non-disabled mortality assumption for the School Divisions was changed to the PubT-2010 Healthy Retiree Table, adjusted as follows:
 - Males: 112% of the rates prior to age 80 and 94% of the rates for ages 80 and older, with generational projection using scale MP-2019.
 - Females: 83% of the rates prior to age 80 and 106% of the rates for ages 80 and older, with generational projection using scale MP-2019.
- The disabled mortality assumption for the Division Trust Funds was changed to the PubNS-2010 Disabled Retiree Table using 99% of the rates for all ages with generational projection using scale MP-2019.
- The mortality tables are generational mortality tables developed on a benefit-weighted basis.

2019

- The assumption used to value the AI cap benefit provision was changed from 1.50% to 1.25%.

2018

- The single equivalent interest rate (SEIR) was increased from 4.78% to 7.25% to reflect the changes to the projection's valuation basis which no longer resulted in a projected year of depletion of the FNP, thereby eliminating the need to apply the municipal bond index rate.

2017

- The SEIR for the School Division was lowered from 5.26% to 4.78% to reflect the changes to the projection's valuation basis, a projected year of depletion of the FNP, and the resulting application of the municipal bond index rate.
- The municipal bond index rate used in the determination of the SEIR changed from 3.86% on the prior measurement date to 3.43% on the measurement date.

2016

- The investment return assumption was lowered from 7.50% to 7.25%.
- The price inflation assumption was lowered from 2.80% to 2.40%.
- The wage inflation assumption was lowered from 3.90% to 3.50%.
- The post-retirement mortality assumption for healthy lives was changed to the RP-2014 White Collar Healthy Annuitant Mortality Table with adjustments for credibility and gender adjustments of a 93% factor applied to ages below 80 and a 113% factor applied to age 80 and above, projected to 2018, for males, and a 68% factor applied to ages below 80 and a 106% factor applied to age 80 and above, projected to 2020, for females.
- For disabled retirees, the mortality assumption was changed to reflect 90% of RP-2014 Disabled Retiree Mortality Table.
- The mortality assumption for active members was changed to RP-2014 White Collar Employee Mortality Table, a table specifically developed for actively working people. To allow for an appropriate margin of improved mortality prospectively, the mortality rates incorporate a 70% factor applied to male rates and a 55% factor applied to female rates.
- The rates of retirement, withdrawal, and disability were revised to reflect more closely actual experience.
- The estimated administrative expense as a percentage of covered payroll was increased from 0.35% to 0.40%.
- The SEIR for the State and School Divisions was lowered from 7.50% to 5.26% to reflect the changes to the projection's valuation basis, a projected year of depletion of the FNP, and the resulting application of the municipal bond index rate of 3.86% on the measurement date.

2015

- The following programming changes were made:

ELIZABETH SCHOOL DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2025

- Valuation of the full survivor benefit without any reduction for possible remarriage.
- Reflection of the employer match on separation benefits for all eligible years.
- Reflection of one year of service eligibility for survivor annuity benefit.
- Refinement of the 18-month AI timing.
- Refinements to directly value certain and life, modified cash refund and pop-up benefit forms.
- The following methodology changes were made:
 - Recognition of merit salary increases in the first projection year.
 - Elimination of the assumption that 35% of future disabled members elect to receive a refund.
 - Removal of the negative value adjustment for liabilities associated with refunds of future terminating members.
 - Adjustments to the timing of the normal cost and UAAL payment calculations to reflect contributions throughout the year.

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 2 OTHER POST-EMPLOYMENT BENEFIT PLAN - COLORADO PERA HCTF

Significant Changes in Plan Provisions Affecting Trends in Actuarial Information

2024

- 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.

2023

- As of the December 31, 2023, measurement date, the fiduciary net position (FNP) and related disclosure components for the Health Care Trust Fund (HCTF) reflect payments related to the disaffiliation of Tri-County Health Department (Tri-County Health) as a PERA-affiliated employer, effective December 31, 2022. As of the December 31, 2023, year-end, PERA recognized two additions for accounting and financial reporting purposes: a \$24,000 payment received on December 4, 2023 and a \$2,000 receivable. The employer disaffiliation payment and receivable allocations to the HCTF and Local Government Division Trust Fund were \$1,033 and \$24,967, respectively.

2022

- The total OPEB liability for the HCTF, as of the December 31, 2022, measurement date, was adjusted to reflect the disaffiliation, allowable under C.R.S. § 24-51-313, of Tri-County Health, effective December 31, 2022. As of the close of the 2022 fiscal year, no disaffiliation payment associated with Tri-County Health was received, and therefore no disaffiliation dollars were reflected in the FNP as of the December 31, 2022, measurement date.

ELIZABETH SCHOOL DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2025

2021 – no changes

2020 – no changes

2019 – no changes

2018 – no changes

2017

- The Cunningham Fire Protection District (CFPD) disaffiliated from the Local Government Division, thereby ending participation in the HCTF on December 2, 2017. For the purpose of disclosure as of the December 31, 2017, measurement date, liabilities were determined assuming no additional service accruals impacting possible future premium subsidies for the disaffiliated membership of the CFPD that had not refunded their PERA member contribution accounts. The total disaffiliation payment of \$1,159 was allocated to the Local Government Division Trust Fund and the HCTF in the amount of \$1,063 and \$96, respectively.

Significant Changes in Assumptions or Other Inputs Affecting Trends in Actuarial Information

2024

- 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.

2023 – no changes

2022

- The timing of the retirement decrement was adjusted to middle-of-year.

2021 – no changes

2020

- The price inflation assumption was lowered from 2.40% to 2.30%.
- The wage inflation assumption was lowered from 3.50% to 3.00%.
- The real rate of investment return assumption was increased to 4.95% per year, net of investment expenses from 4.85% per year, net of investment expenses.
- Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.
- The pre-retirement mortality assumption was changed to the PubT-2010 Employee Table with generational projection using scale MP-2019.
- The post-retirement non-disabled mortality assumption was changed to the PubT-2010 Healthy Retiree Table, adjusted as follows:
 - Males: 112% of the rates prior to age 80 and 94% of the rates for ages 80 and older, with generational projection using scale MP-2019.

ELIZABETH SCHOOL DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2025

- Females: 83% of the rates prior to age 80 and 106% of the rates for ages 80 and older, with generational projection using scale MP-2019.
- The post-retirement non-disabled beneficiary mortality assumption for the Division Trust Funds was changed to the Pub-2010 Contingent Survivor Table, adjusted as follows:
 - Males: 97% of the rates for all ages, with generational projection using scale MP-2019.
 - Females: 105% of the rates for all ages, with generational projection using scale MP-2019.
- The disabled mortality assumption was changed to the PubNS-2010 Disabled Retiree Table using 99% of the rates for all ages with generational projection using scale MP-2019.
- The mortality tables are generational mortality tables developed on a head-count weighted basis.

2019 – no changes

2018 – no changes

2017 – no changes

ELIZABETH SCHOOL DISTRICT

SUPPLEMENTARY INFORMATION

The combining financial schedules represent the second level of financial reporting for the District. These schedules present more detailed information for the individual funds in a format that segregates information by fund type.

**ELIZABETH SCHOOL DISTRICT
NONMAJOR GOVERNMENTAL FUNDS**

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for and report the proceeds of special revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.

Grants Fund – Used to account for local, state, and federal grant revenues and the related expenditures.

Athletics Fund – Used to account for the revenue and expenditures associated with school sponsored interscholastic athletic activities.

CAPITAL PROJECTS FUND

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

INSURANCE RESERVE INTERNAL SERVICE FUND

Insurance Reserve Fund – used to account for the resources accumulated for the District’s employee health and dental claims.

**ELIZABETH SCHOOL DISTRICT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING SCHEDULE - BALANCE SHEET
June 30, 2025**

	<u>SPECIAL REVENUE FUNDS</u>		<u>CAPITAL RESERVE CAPITAL PROJECT FUND</u>	<u>TOTAL NONMAJOR FUNDS</u>
	<u>GRANTS FUND</u>	<u>ATHLETICS FUND</u>		
ASSETS				
Cash and Cash Equivalents	\$ 25,009	\$ 32,326	\$ -	\$ 57,335
Due From Other Governments	27,128	-	-	27,128
TOTAL ASSETS	<u>\$ 52,137</u>	<u>\$ 32,326</u>	<u>\$ -</u>	<u>\$ 84,463</u>
LIABILITIES AND FUND BALANCE				
Accounts Payable	\$ 1,253	\$ -	\$ -	\$ 1,253
Accrued Salaries and Benefits	37,924	3,896	-	41,820
Unearned Revenue	12,960	-	-	12,960
TOTAL LIABILITIES	<u>52,137</u>	<u>3,896</u>	<u>-</u>	<u>56,033</u>
FUND BALANCE				
Assigned	-	28,430	-	28,430
TOTAL FUND BALANCE	<u>-</u>	<u>28,430</u>	<u>-</u>	<u>28,430</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 52,137</u>	<u>\$ 32,326</u>	<u>\$ -</u>	<u>\$ 84,463</u>

**ELIZABETH SCHOOL DISTRICT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
For the Year Ended June 30, 2025**

	SPECIAL REVENUE FUNDS					TOTAL NONMAJOR FUNDS
	GRANTS FUND	ATHLETICS FUND	FOOD SERVICE FUND	STUDENT ACTIVITY FUND	CAPITAL RESERVE CAPITAL PROJECTS FUND	
REVENUES						
Local Sources	\$ -	\$ 143,023	\$ -	\$ -	\$ -	\$ 143,023
State Sources	700,114	-	-	-	-	700,114
Federal Sources	663,266	-	-	-	-	663,266
TOTAL REVENUES	1,363,380	143,023	-	-	-	1,506,403
EXPENDITURES						
Instructional Program	1,098,231	608,537	-	-	-	1,706,768
Student Supporting Services	57,560	-	-	-	-	57,560
Instructional Staff Supporting Services	-	90,855	-	-	-	90,855
General Administration Supporting Services	137,835	-	-	-	-	137,835
School Administration Supporting Services	54,318	-	-	-	-	54,318
Food Services	15,436	-	-	-	-	15,436
Facilities Acquisition and Construction Services	-	-	-	-	690,454	690,454
TOTAL EXPENDITURES	1,363,380	699,392	-	-	690,454	2,753,226
Excess (Deficiency) of Revenues Over Expenditures	-	(556,369)	-	-	(690,454)	(1,246,823)
OTHER FINANCING SOURCES (USES)						
Transfers In (Out)	-	556,371	-	-	(309,546)	246,825
TOTAL OTHER FINANCING SOURCES (USES)	-	556,371	-	-	(309,546)	246,825
Net Change in Fund Balance	-	2	-	-	(1,000,000)	(999,998)
FUND BALANCE, BEGINNING OF THE YEAR, AS PREVIOUSLY STATED	-	28,428	565,407	444,203	1,000,000	2,038,038
Changes within financial reporting entity (nonmajor to major fund)	-	-	(565,407)	(444,203)	-	(1,009,610)
FUND BALANCE, BEGINNING OF THE YEAR RESTATED	-	28,428	-	-	1,000,000	1,028,428
FUND BALANCE, END OF THE YEAR	\$ -	\$ 28,430	\$ -	\$ -	\$ -	\$ 28,430

ELIZABETH SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
GRANTS FUND
For the Year Ended June 30, 2025

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>FINAL BUDGET</u>
				<u>POSITIVE</u>
				<u>(NEGATIVE)</u>
REVENUES				
State Sources	\$ -	\$ 928,679	\$ 700,114	\$ (228,565)
Federal Sources	-	274,729	663,266	388,537
TOTAL REVENUES	<u>-</u>	<u>1,203,408</u>	<u>1,363,380</u>	<u>159,972</u>
EXPENDITURES				
Instructional Program	-	746,570	1,098,231	(351,661)
Student Supporting Services	-	54,000	57,560	(3,560)
General Administration Supporting Services	-	337,083	137,835	199,248
School Administration Supporting Services	-	50,755	54,318	(3,563)
Food Services	-	15,000	15,436	(436)
TOTAL EXPENDITURES	<u>-</u>	<u>1,203,408</u>	<u>1,363,380</u>	<u>(159,972)</u>
Net Change in Fund Balance	-	-	-	-
Fund Balance, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

ELIZABETH SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
ATHLETICS FUND
For the Year Ended June 30, 2025

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES				
Local Sources	\$ 130,000	\$ 130,000	\$ 143,023	\$ 13,023
TOTAL REVENUES	<u>130,000</u>	<u>130,000</u>	<u>143,023</u>	<u>13,023</u>
EXPENDITURES				
Instructional Program	800,000	700,000	608,537	91,463
Instructional Staff Supporting Services	-	-	90,855	(90,855)
TOTAL EXPENDITURES	<u>800,000</u>	<u>700,000</u>	<u>699,392</u>	<u>608</u>
Excess (Deficiency) of Revenues over Expenditures	(670,000)	(570,000)	(556,369)	13,631
OTHER FINANCING SOURCES (USES)				
Transfers from Other Funds	660,000	550,000	556,371	(6,371)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(10,000)</u>	<u>(20,000)</u>	<u>556,371</u>	<u>13,631</u>
Net Change in Fund Balance	(680,000)	(590,000)	2	590,002
Fund Balance, Beginning of Year	<u>27,764</u>	<u>28,430</u>	<u>28,428</u>	<u>(2)</u>
Fund Balance, End of Year	<u>\$ 17,764</u>	<u>\$ 8,430</u>	<u>\$ 28,430</u>	<u>\$ 20,000</u>

ELIZABETH SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
CAPITAL RESERVE CAPITAL PROJECT FUND
For the Year Ended June 30, 2025

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>FINAL BUDGET</u>
				<u>POSITIVE</u>
				<u>(NEGATIVE)</u>
TOTAL REVENUES	\$ -	\$ -	\$ -	\$ -
EXPENDITURES				
Facilities Acquisition and Construction Services	400,000	654,500	690,454	(35,954)
TOTAL EXPENDITURES	400,000	654,500	690,454	(35,954)
Excess (Deficiency) of Revenues Over Expenditures	(400,000)	(654,500)	(690,454)	(35,954)
OTHER FINANCING SOURCES (USES)				
Transfers In (Out)	337,000	-	(309,546)	(309,546)
TOTAL OTHER FINANCING SOURCES (USES)	337,000	-	(309,546)	(309,546)
Net Change in Fund Balance	(63,000)	(654,500)	(1,000,000)	(345,500)
Fund Balance, Beginning of Year	570,000	1,000,000	1,000,000	-
Fund Balance, End of Year	<u>\$ 507,000</u>	<u>\$ 345,500</u>	<u>\$ -</u>	<u>\$ (345,500)</u>

ELIZABETH SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
INSURANCE RESERVE FUND
For the Year Ended June 30, 2025

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>FINAL BUDGET</u>
				<u>(NEGATIVE)</u>
TOTAL REVENUES	\$ -	\$ -	\$ -	\$ -
EXPENDITURES				
Central Supporting Services	-	-	915	(915)
TOTAL EXPENDITURES	-	-	915	(915)
Excess (Deficiency) of Revenues Over Expenditures	-	-	(915)	(915)
OTHER FINANCING SOURCES (USES)				
Transfers In (Out)	-	-	(246,917)	(246,917)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	(246,917)	(246,917)
Net Change in Fund Balance	-	-	(247,832)	(247,832)
Fund Balance, Beginning of Year	-	-	247,832	247,832
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

ELIZABETH SCHOOL DISTRICT

SINGLE AUDIT SECTION

ELIZABETH SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2025

<i>Federal Grantor/Program or Cluster Title</i>	<i>Assistance Listing Number</i>	<i>Pass-through Grantor and Number</i>	<i>Federal Expenditures(\$)</i>
<i>Child Nutrition Cluster</i>			
U.S. Department of Agriculture			
School Breakfast Program	10.553	Colorado Department of Education, 4553	\$ 51,410
National School Lunch Program	10.555	Colorado Department of Human Services, 4555	113,074
National School Lunch Program	10.555	Colorado Department of Education, 4555	239,376
<i>Total Child Nutrition Cluster</i>			<u>403,860</u>
<i>Special Education Cluster (IDEA)</i>			
U.S. Department of Education			
Special Education, Grants to States	84.027	Colorado Department of Education, 4027	562,582
Special Education Preschool Grants	84.173	Colorado Department of Human Services, 4173	26,321
<i>Total Special Education Cluster (IDEA)</i>			<u>588,903</u>
<i>Total All Clusters</i>			<u>992,763</u>
<i>Other Programs</i>			
U.S. Department of Agriculture			
Child Nutrition Discretionary Grants Limited Availability	10.579	Colorado Department of Education, 5579	15,436
<i>Total U.S. Department of Agriculture</i>			<u>15,436</u>
U.S. Department of Education			
Title I Grants to Local Educational Agencies	84.010	Colorado Department of Education, 4010, 6010	106,941
Supporting Effective Instruction State Grants	84.367	Colorado Department of Education, 4367	38,626
Student Support and Academic Enrichment Program	84.424	Colorado Department of Education, 4424, 4451	113,607
COVID-19 Education Stabilization Fund	84.425U	Colorado Department of Education, 4429	384,656
<i>Total U.S. Department of Education</i>			<u>643,830</u>

ELIZABETH SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2025

<i>Federal Grantor/Program or Cluster Title</i>	<i>Assistance Listing Number</i>	<i>Pass-through Grantor and Number</i>	<i>Federal Expenditures(\$)</i>
U.S. Department of Health and Human Services			
Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	93.354	Colorado Department of Education, 7354	4,000
Child Care and Development Block Grant	93.575	Colorado Department of Education, 7575	<u>8,000</u>
<i>Total U.S. Department of Health and Human Services</i>			<u>12,000</u>
<i>Total Other Programs</i>			<u>671,266</u>
<i>Total Expenditures of Federal Awards</i>			<u><u>\$ 1,664,029</u></u>

ELIZABETH SCHOOL DISTRICT
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2025

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available. The District did not elect to use the 15 or 10-percent de minimis indirect cost rate as allowed under Uniform Guidance for the year ended June 30, 2025. In addition, the District did not pass-through federal funds to subrecipients.

NOTE 2 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the District under programs of the federal government for the year ended June 30, 2025. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position and changes in net position of the District.

NOTE 3 FOOD SERVICE INVENTORY VALUATION

Food Service inventory consisted of purchased and donated commodities. Purchased inventories are stated at cost. Donated inventories, received at no cost under a program supported by the U.S. Department of Agriculture, are recorded at their estimated fair market value at the date of receipt.

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**



Wall,
Smith,
Bateman Inc.

To the Board of Education
Elizabeth School District
Elizabeth, Colorado

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Elizabeth School District (the District), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated February 19, 2026.

Report On Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2025-001 and 2025-002 that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the

Certified Public Accountants

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financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as Finding 2025-001.

District's Response to the Finding

Government Auditing Standards require the auditor to perform limited procedures on the District's response to the findings identified in our audit and described in the accompanying corrective action plan. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

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

Wall, Smith, Bateman Inc.

Wall, Smith, Bateman Inc.
Alamosa, Colorado

February 19, 2026

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE REQUIRED BY
THE UNIFORM GUIDANCE**



**Wall,
Smith,
Bateman Inc.**

To the Board of Education
Elizabeth School District
Elizabeth, Colorado

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Elizabeth School District's (the District) compliance with the types of compliance requirements identified as subject to audit described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2025. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

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Auditors' Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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

Wall, Smith, Bateman Inc.

Wall, Smith, Bateman Inc.
Alamosa, Colorado

February 19, 2026

**ELIZABETH SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2025**

Section I – Summary of Auditors’ Results

Financial Statements

Type of auditors’ report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? ___X___ yes _____ no
- Significant deficiency(ies) identified that are **not** considered to be material weakness(es)? _____ yes ___X___ none reported
- Noncompliance material to financial statements noted? ___X___ yes _____ no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____ yes ___X___ no
- Significant deficiency(ies) identified that are **not** considered to be material weakness(es)? _____ yes ___X___ none reported

Type of auditors’ report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)? _____ yes ___X___ no

Identification of major programs:

<u>Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.027 and 84.173	Special Education Cluster (IDEA)

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as a low-risk auditee? ___X___ yes _____ no

Section II – Financial Statement Findings

Finding 2025-001: Budgetary Compliance and Fund Balance Policy

Type of finding: Internal Control (material weaknesses) and material noncompliance

Criteria: State statutes require that expenditures do not exceed adopted appropriations for each fund and that all funds are properly budgeted. The District’s Board of Education has adopted a policy requiring the maintenance of a minimum total fund balance equal to at least 2% of operating revenues. GASB Statement No. 54 requires fund balances to be properly classified and disclosed and for governmental entities to comply with adopted fund balance policies.

Condition: During the fiscal year ended June 30, 2025, the District did not comply with statutory budgetary requirements and Board-adopted fund balance policy, as follows:

ELIZABETH SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2025

- A budget and appropriation resolution was not adopted for the Insurance Reserve Fund.
- The General Fund experienced an over-expenditure of approximately \$6.5 million in excess of the adopted budget.
- The Grants Fund and the Capital Reserve Capital Projects Fund also incurred expenditures in excess of budget appropriations.
- At year end, the District reported a negative unassigned fund balance in the General Fund of \$131,227, and total fund balance was below the 2% minimum required by Board policy.

Cause: The overbudget conditions and fund balance deficiencies resulted from inadequate budgetary controls and insufficient oversight of expenditures relative to adopted appropriations. In addition, management did not consistently monitor compliance with statutory requirements or enforce the District's Board-adopted fund balance policy throughout the fiscal year.

Effect: Noncompliance with state statutes and District policy exposes the District to increased oversight by regulatory agencies and may result in corrective action requirements. The negative unassigned fund balance and overbudget conditions reduce the District's financial flexibility and increase fiscal and operational risk.

Recommendation: We recommend the District strengthen budgetary controls and oversight to ensure expenditures do not exceed adopted appropriations. Management should ensure that all funds are properly budgeted, and that budget-to-actual results are monitored regularly throughout the year. In addition, we recommend the District develop and implement a formal corrective action plan to restore compliance with its minimum fund balance policy and prevent future over expenditures.

Management's Response: See corrective action plan.

Finding 2025-002: Capital Asset and Related Financing Transactions Not Properly Recorded

Type of finding: Internal Control (material weaknesses)

Criteria: Governmental accounting standards require that capital assets acquired through capital financing agreements be recorded as capital outlay expenditures with a corresponding other financing source (such as capital financing proceeds) in the appropriate governmental fund. The related capital assets, accumulated depreciation, and associated long-term liabilities are also required to be recognized and reported in the government-wide financial statements.

Condition: Financed capital asset acquisitions were not recorded in the General Fund as capital outlay expenditures with corresponding other financing sources. In addition, the related capital and assets and associated depreciation/amortization were not included in the District's capital asset records used for the government-wide financial statements.

Cause: The District does not have documented procedures for accounting for financed capital asset acquisitions, and staff were not fully aware of the governmental accounting requirements for recording these transactions in both the governmental funds and government-wide financial statements.

Effect: Audit adjustments were proposed and recorded by management to (1) recognize the capital outlay expenditure and other financing source in the General Fund and (2) add the assets and related depreciation/amortization to the government-wide capital asset records, thereby correcting the misstatements in the audited financial statements.

ELIZABETH SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2025

This increases the risk that, in the absence of audit procedures, the District's financial statements could be materially misstated and that management and the Board may make decisions based on incomplete or inaccurate financial information.

Recommendation: We recommend the District:

1. Develop and document procedures for identifying and accounting for all financed capital asset acquisitions, including the required entries in both the governmental funds and the government-wide statements. Such procedures should include clear assignment of responsibility between management and accounting personnel.
2. Provide periodic training or guidance to appropriate personnel on governmental accounting requirements for capital assets and long-term liabilities.
3. Update the capital asset and depreciation/amortization records on a timely basis for all capital asset additions, including financed assets prior to financial statement preparation.
4. Implement a year-end review process that compares capital financing agreements and other relevant contracts to recorded capital assets and reconfirm that all significant financed asset acquisitions are captured at both the fund level and the government-wide records.

Management's Response: See corrective action plan.

Section III – Federal Award Findings and Questioned Costs

None

Section IV – Summary Schedule of Prior Audit Findings

None

CORRECTIVE ACTION PLAN

Oversight Agency: U.S. Department of Education

Elizabeth School District respectfully submits the following corrective action plan for the year ended June 30, 2025.

Independent Accountants: Wall, Smith, Bateman Inc.
Certified Public Accountants
3001 Adcock Circle
Alamosa, CO 81101

Audit period: Year ended June 30, 2025

The findings from the June 30, 2025 schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule. Section I of the schedule, Summary of Auditors' Results, does not include findings and is not addressed.

Section II – Financial Statement Findings

Finding 2025-001: Budgetary Compliance and Fund Balance Policy

Type of finding: Internal Control (material weakness) and material noncompliance

Recommendation: We recommend the District strengthen budgetary controls and oversight to ensure expenditures do not exceed adopted appropriations. Management should ensure that all funds are properly budgeted, and that budget-to-actual results are monitored regularly throughout the year. In addition, we recommend the District develop and implement a formal corrective action plan to restore compliance with its minimum fund balance policy and prevent future over expenditures.

Action Taken: At the direction of the Board of Education and Administration, the District has implemented enhanced fiscal oversight measures to strengthen budgetary controls and ensure expenditures remain within adopted appropriations. These measures include the implementation of comprehensive monthly budget-to-actual reporting to improve the accuracy of operating forecasts; targeted reductions and reorganization of administrative staffing levels; and the establishment of formal expenditure review procedures with clearly defined accountability standards, by year end.

Collectively, these actions are projected to generate approximately \$1.7 million in savings relative to the adopted budget, resulting in a forecasted year-end surplus. This surplus is expected to restore the District to compliance with its minimum fund balance policy and reduce the risk of future over-expenditures.

Finding 2025-002: Capital Asset and Financing Transactions Not Properly Recorded

Type of finding: Internal Control (material weakness)

Recommendation: We recommend the District:

1. Develop and document procedures for identifying and accounting for all financed capital asset acquisitions, including the required entries in both the governmental funds and the government-wide statements. Such procedures should include clear assignment of responsibility between management and accounting personnel.
 1. The District will develop, formalize, and document comprehensive procedures for identifying, evaluating, and accounting for all financed capital asset acquisitions. These procedures will address the required accounting entries in both the governmental fund financial statements and the government-wide financial statements, ensuring compliance with applicable governmental accounting standards. Responsibilities will be clearly defined and assigned between management and accounting personnel to ensure consistent implementation, appropriate review, and timely recording, *by year end.*
2. Provide periodic training or guidance to appropriate personnel on governmental accounting requirements for capital assets and long-term liabilities.
 1. The District will provide periodic training and ongoing guidance to appropriate personnel regarding governmental accounting requirements related to capital assets and long-term liabilities. This will include the use of external resources, such as guidance from the Colorado Department of Education and consultation with the District's independent auditing firm, to ensure staff remain informed of current standards and best practices and that accounting treatment remains accurate and compliant, *by year end.*
3. Update the capital asset and depreciation/amortization records on a timely basis for all capital asset additions, including financed assets prior to financial statement preparation.
 1. The District will implement procedures to ensure capital asset records, including depreciation and amortization schedules, are updated on a timely and ongoing basis for all asset additions, disposals, and fully amortized assets. Financed asset acquisitions will be recorded promptly upon acquisition to ensure accuracy and completeness of records prior to financial statement preparation, *by year end.*

4. Implement a year-end review process that compares capital financing agreements and other relevant contracts to recorded capital assets and reconfirm that all significant financed asset acquisitions are captured at both the fund level and the government-wide records.

1. The District will implement a formal year-end review process to compare capital financing agreements and other relevant contractual documents to recorded capital assets. This process will confirm that all significant financed asset acquisitions have been properly recorded at both the governmental fund level and in the government-wide financial statements. External resources, including the Colorado Department of Education and the District's independent auditing firm, will be consulted as needed to validate compliance and accuracy, *by year end.*

Signature:



Title: CFO-COO

February 23, 2026



Colorado Department of Education
Auditors Integrity Report
 District: 0920 - Elizabeth School District
 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	1,616,119	33,583,511	34,517,858	681,773
18 Risk Mgmt Sub-Fund of General Fund	0	0	0	0
19 Colorado Preschool Program Fund	0	0	0	0
Sub- Total	1,616,119	33,583,511	34,517,858	681,773
11 Charter School Fund	1,838,512	6,763,329	6,836,556	1,765,285
20,26-29 Special Revenue Fund	1,102,694	629,849	578,785	1,153,759
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	565,407	1,105,362	1,115,718	555,050
22 Govt Designated-Purpose Grants Fund	0	1,363,380	1,363,380	0
23 Pupil Activity Special Revenue Fund	28,430	699,394	699,394	28,430
25 Transportation Fund	0	0	0	0
31 Bond Redemption Fund	0	0	0	0
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	1,000,000	-309,546	690,454	0
46 Supplemental Cap Const, Tech, Main Fund	0	0	0	0
Totals	6,151,162	43,835,279	45,802,145	4,184,296
Proprietary				
50 Other Enterprise Funds	0	0	0	0
64 (63) Risk-Related Activity Fund	247,832	-246,917	915	0
60,65-69 Other Internal Service Funds	0	0	0	0
Totals	247,832	-246,917	915	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