
El Paso County School District No. 2 - Harrison

**Financial Report
with Supplementary Information
June 30, 2024**

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Independent Auditor's Report

To the Board of Education
El Paso County School District No. 2 - Harrison

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of El Paso County School District No. 2 - Harrison (the "School District") as of and for the year ended June 30, 2024 and the related notes to the financial statements, which collectively comprise El Paso County School District No. 2 - Harrison's basic financial statements, as listed in the table of contents.

In our opinion, based on our audit and the reports of other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of El Paso County School District No. 2 - Harrison as of June 30, 2024 and the respective changes in its financial position 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 James Irwin Charter Schools; The Vanguard School; or Atlas Preparatory School, Inc., which represent 100 percent of the assets, net position, and revenue of El Paso County School District No. 2 - Harrison's aggregate discretely presented component units. Those financial statements were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for James Irwin Charter Schools; The Vanguard School; and Atlas Preparatory School, Inc., is based solely on the reports of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the School 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. The financial statements of James Irwin Charter Schools; the Vanguard School; and Atlas Preparatory School, Inc. were not audited under *Government Auditing Standards*.

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 School District's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS 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 School 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 School 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 and other required supplementary information, as identified 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, which 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.

To the Board of Education
El Paso County School District No. 2 - Harrison

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise El Paso County School District No. 2 - Harrison's basic financial statements. The supplementary information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is 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 December 2, 2024 on our consideration of El Paso County School District No. 2 - Harrison's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 El Paso County School District No. 2 - Harrison'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 El Paso County School District No. 2 - Harrison's internal control over financial reporting and compliance.



December 2, 2024

**El Paso County School District No. 2 – Harrison
Management’s Discussion and Analysis
As of and For the Fiscal Year Ended June 30, 2024**

As management of El Paso County School District No. 2 – Harrison (the District), we offer readers of the District’s financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2024. We encourage readers to consider the information presented here in conjunction with additional information furnished throughout this document.

Financial Highlights

- Liabilities and deferred inflows of resources of the District exceeded its assets and deferred outflows of resources by \$62,817,855 during the fiscal year, resulting in a negative net position.
- As of the close of the current fiscal year, the District’s Governmental Funds reported combined ending fund balances of \$69,522,599.
- The Governmental Funds reported total fund balance includes restricted fund balance of \$34,245,892 unassigned fund balance of \$21,792,138, committed fund balance of \$12,004,793, assigned fund balance of \$345,839 and non-spendable fund balance of \$1,133,937. All of the unassigned balances are reported in the General Fund.
- The District’s total long-term liabilities increased by \$22,981,289 during the current fiscal year due to increase in the District’s proportionate share of the PERA pension liability.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to El Paso County School District No. 2 - Harrison’s financial statements. The District’s basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains required supplemental information and other supplemental information in addition to the basic financial statements themselves.

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

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

The statement of activities presents information showing how the District’s net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

**El Paso County School District No. 2 – Harrison
Management’s Discussion and Analysis
As of and For the Fiscal Year Ended June 30, 2024**

Both of the government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities). The governmental activities of the District include instruction, support services, athletics, food service, and community service.

The government-wide financial statements include not only the District itself (known as the primary government), but also three legally separate charter schools. Financial information for the charter schools is presented separately because they are financially accountable to the District and provide services to the District’s students.

Fund financial statements - A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into three categories: Governmental Funds, Proprietary Funds, and Fiduciary Funds. The District does not have any Proprietary or Fiduciary Funds.

Governmental Funds - Governmental Funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, Governmental Fund financial statements focus on near-term inflow and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government’s near-term financing requirements. Because the focus of Governmental Funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for Governmental Funds with similar information presented for governmental activities in government-wide financial statements. By doing so, readers may better understand the long-term impact of the government’s near-term financing decisions. Both the Governmental Fund balance sheet and the Governmental Fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between Governmental Funds and governmental activities.

The District maintains nine individual Governmental Funds, of which four are major and five are nonmajor. Information is presented separately in the Governmental Fund balance sheet and in the Governmental Fund statement of revenues, expenditures and changes in fund balance for the General Fund, Designated Purpose Grants Fund, Debt Service Fund, and Building Fund, all of which are considered to be major funds. Data from the five other Governmental Funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major Governmental Funds is provided in the form of combining statements and presented in the other supplementary information section of the report.

The District adopts an annual appropriated budget for its Governmental Funds. A budgetary comparison statement has been provided for all the funds to demonstrate compliance with these budgets. However, the District has included budgetary comparison statements for each of the other major funds and non-major funds as well, in the supplementary information section of this report.

Notes to the financial statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information - In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information and other supplementary information concerning the District.

**El Paso County School District No. 2 – Harrison
Management’s Discussion and Analysis
As of and For the Fiscal Year Ended June 30, 2024**

Government-Wide Financial Analysis

- As noted earlier, net position may serve over time as a useful indicator of the District’s financial position. In the case of the District, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$62,817,855 resulting in a deficit net position at the close of the fiscal year ending June 30, 2024.
- \$39,540,253 of net position is invested in capital assets net of accumulated depreciation, related outstanding debt used to acquire those assets, and unspent bond proceeds. The District uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the District’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.
- An additional portion of the District’s net position of \$17,561,206 represents resources that are subject to external restriction on how they may be used.
- Unrestricted net position was reported as a deficit in the amount of \$119,919,314.

Governmental Activities

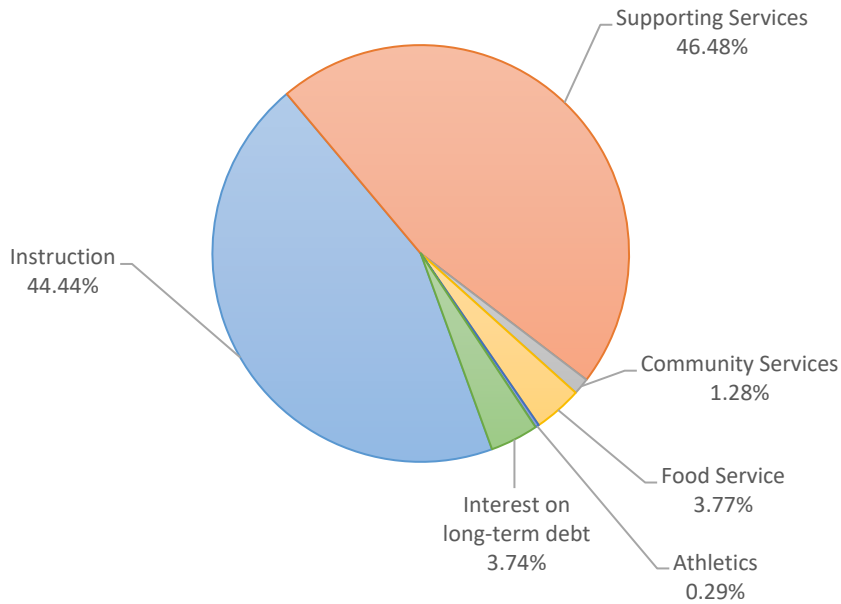
- Most District governmental activities were financed by District and state taxpayers through local property taxes and state equalization payments.

EL PASO COUNTY SCHOOL DISTRICT NO. 2 – HARRISON NET POSITION		
	Governmental Activities	
	2023	2024
Current and other assets	\$114,714,575	\$93,602,085
Capital assets	213,557,391	232,312,930
Total assets	328,272,148	325,915,015
Deferred outflow of resources	37,538,492	53,098,971
Non-current liabilities	381,819,309	404,800,598
Other liabilities	26,617,582	24,297,752
Total liabilities	408,436,891	429,098,350
Deferred inflow of resources	27,205,366	12,733,491
Net position:		
Net investment in capital assets	36,608,354	39,540,253
Restricted	19,448,973	17,561,206
Unrestricted	(125,888,944)	(119,919,314)
Total net position (deficit)	\$ (69,831,617)	\$(62,817,855)

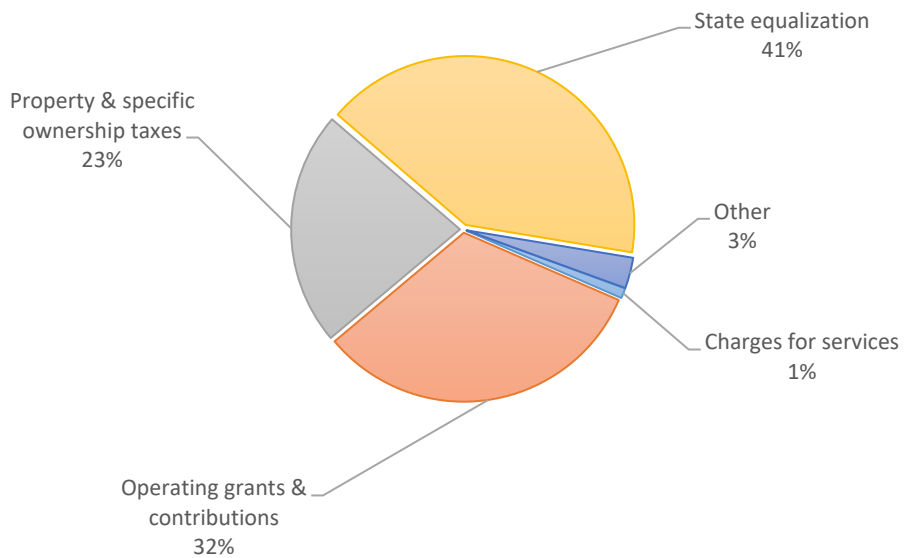
The total net position of the District increased by \$7,013,762 during the current fiscal year.

**El Paso County School District No. 2 – Harrison
Management’s Discussion and Analysis
As of and For the Fiscal Year Ended June 30, 2024**

Expenses by Function-Governmental Activities



Revenues by Source-Governmental Activities



**El Paso County School District No. 2 – Harrison
Management’s Discussion and Analysis
As of and For the Fiscal Year Ended June 30, 2024**

EL PASO COUNTY SCHOOL DISTRICT NO. 2 – HARRISON CHANGES IN NET POSITION		
Revenues:	Governmental Activities	
	2023	2024
Program Revenues		
Charges for services	\$ 830,984	\$1,721,233
Operating grants and contributions	47,975,992	56,989,988
General Revenues		
Property and specific ownership taxes	36,922,970	39,545,472
State equalization	68,023,510	72,770,046
Other	7,359,343	5,186,973
Total General Revenues	112,305,823	117,502,491
Expenses:		
Instruction	70,867,405	75,194,110
Supporting services	69,268,372	78,646,882
Community services	1,618,522	2,172,489
Interest on long-term debt	6,607,703	6,329,744
Food service	4,866,510	6,373,802
Athletics	0.00	482,923
Total Expenses	152,228,512	169,199,950
Increase in net position	7,884,287	7,013,762
Beginning net position (deficit)	(77,715,904)	(69,831,617)
Ending net position (deficit)	\$ (69,831,617)	\$ (62,817,855)

Financial Analysis of the District’s Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with Colorado Department of Education 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 and meeting the needs of cash flow.

As of the end of the current fiscal year, the District’s Governmental Funds reported combined ending fund balances of \$69,522,599. In looking at this total, 31.35% of this amount constitutes unassigned fund balance. The remainder of fund balance is either non-spendable, committed, assigned or restricted to indicate that it is not available for new spending because it has already been committed or restricted.

The General Fund is the operating fund of the District. As a measure of the General Fund’s liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned, fund balance represents 18.54% of total General Fund expenditures, while total fund balance represents 31.96% of that same amount. The fund balance of the General Fund grew due to the underspending of expenditures mainly as a result of unfilled positions.

The fund balance of the District’s General Fund increased in the amount of \$3,633,408 during the current fiscal year.

**El Paso County School District No. 2 – Harrison
Management’s Discussion and Analysis
As of and For the Fiscal Year Ended June 30, 2024**

The Designated Purpose Grants Fund is used to account for grants awarded to the District that are restricted for a specific purpose.

- Federal grant revenues amounted to \$21,455,540 and accounted for 75.66% of total revenue for this fund. At June 30, 2024, 26.56% or \$7,530,945 of revenues were expended to support instructional programs while 73.44% or \$20,827,279 were expended for other supporting services, community services, and capital outlay.

The Building Fund is used to account for and report the restricted bond proceeds from the various bond issuances and other financing sources that are restricted to expenditures in connection with renovating, remodeling, equipping, furnishing, and improving school district facilities.

- At June 30, 2024, capital outlay activity of \$21,025,898 and various supporting services expenses of \$3,124,483 were incurred related to various bond projects.

The Debt service fund is used to record tax, interest, and other revenue for payment of interest, principal, and other expenditures on long-term debt.

- Local revenues of \$14,996,030 were recognized and debt payments of \$14,459,581 were made related to the 2017, 2019, and 2021 bond obligations for the year ended June 30, 2024.

Major Funds Budgetary Highlights

The District approves the adopted budget in June based on enrollment projections, proposed revenues and expenditures and other key assumptions for the following fiscal year. In January, a revised budget can be presented to the Board of Education after the October Pupil Count has been certified, the independent annual financial audit is completed, and other important revenue and expenditure trends have transpired.

The District prepares a five-year financial forecast to anticipate future needs and resources. This forecast includes compensation, benefit rate changes, estimated operating costs of future capital improvements, credible projections of revenues, carryover funds and operational items. The multi-year budget plan presented by the District will also disclose planning assumptions for the organization as a whole, for each school and operating unit and for each fund.

Changes to the School Finance Act for Fiscal Year 2023-2024 include:

- The statewide base per pupil funding was increased for inflation by 8.00%.
- After the application of the Budget Stabilization Factor, Total Program Funding for Harrison School District Two is estimated at \$135 million and takes into account inflation, pupil count, at-risk counts, assessed valuation and specific ownership taxes.
- The Budget Stabilization Factor (Negative Factor) for Fiscal Year 2023-2024 is calculated at 3.00%, resulting in (\$2.10) million less in Total Program Funding for the District.
- Statewide Average Per Pupil Funding is \$8,076 for Fiscal Year 2023-2024. For Harrison School District Two, the per pupil revenue is \$9,987.

**El Paso County School District No. 2 – Harrison
Management’s Discussion and Analysis
As of and For the Fiscal Year Ended June 30, 2024**

The changes in budgeted expenditures for Fiscal Year 2023-2024 from the Fiscal Year 2022-2023 budgeted expenditures mainly result from the following components:

Employee Compensation:

Salary increases have been provided for most employees with increases based on each specific group of employees and also affected by years of service. Salary raises range from 2 to 5 percent.

PERA:

For Fiscal Year 2023-2024, PERA is 21.4 percent.

District Medical Insurance Increase:

The benefit rate for medical insurance for employee only ranges from \$535.56 to \$537.68 per month which is comparable to the prior year.

Expenditures:

Adequate levels of fund balance must be retained in each fund in order to provide financial stability. It is fiscally responsible to set aside funds to ensure the District can meet multi-year financial obligations, guard against unexpected revenue shortfalls and one-time expenditures, and to pay for items such as textbooks that have been ordered but not paid for at the end of the fiscal year. Fund balance also protects the District against revenue shortfalls caused by economic slowdowns and/or changes in state and federal legislation that affect District funding.

Historically, due to revenue shortfalls, the District’s budget plan has included the use of fund balance to aid in balancing the General Fund budget. The intentional spend down of fund balance is to offset the reduction of revenue from the state.

The planned draw down of the General Fund’s fund balance is the result of the Districts’ commitment to minimize the impact of potential expenditure reductions by budgeting the use of beginning fund balance. The financial impact of those savings will be monitored during the year to assist in future year budget preparation and projections.

Capital Asset and Debt Administration – Governmental Activities

Capital assets - The investment in capital assets for its governmental activities as of June 30, 2024, amounts to \$232,312,930 (net of accumulated depreciation and amortization). This investment in capital assets includes land, buildings, improvements, machinery, equipment, and vehicles. The net increase in the governmental activities capital assets for the current fiscal year was \$18,755,539. Additional information on the governmental activities capital assets can be found in Note 9 – Capital Assets.

**El Paso County School District No. 2 – Harrison
Management’s Discussion and Analysis
As of and For the Fiscal Year Ended June 30, 2024**

Long-term Liabilities - At the end of the current fiscal year, the governmental activities non-current liabilities outstanding are as follows:

EL PASO COUNTY SCHOOL DISTRICT NO. 2 – HARRISON LONG-TERM LIABILITIES		
	Governmental Activities	
	2023	2024
General obligation bonds	\$175,950,000	\$170,125,000
Bond premium-net	37,073,271	34,779,417
Compensated Absences	3,850,476	4,514,165
Leases	146,882	29,659
Net Pension Liability	159,369,700	190,746,462
Net OPEB Liability	5,428,980	4,605,895
Total	\$381,819,309	\$ 404,800,598

The District’s total long-term liabilities increased \$22,981,289 during the current fiscal year. The main component of this increase is due to the net pension liability increase.

Current State statutes limit the amount of the District's general obligation bonded debt. The debt is subject to a legal debt limit based on the greater of 20% of the assessed value of taxable property in the District or 6% of the estimated actual value, as certified by the El Paso County Assessor. The District’s legal debt margin for 2024 is \$371,713,910. As of June 30, 2024, the District's total general obligation bonded debt (including that portion due or payable within one year) was \$170,125,000. Additional information on the District’s long-term liabilities can be found in Note 10.

Component Units - Only summary information regarding component units appears in the District's financial statements. The reader should review the audited financial statements of each component unit for additional information.

Economic Factors and Next Year's Budget

The U.S. economy emerged from a tense period, when runaway inflation demanded an aggressive monetary policy response that risked the longevity of the post-COVID recovery and expansion. Over the past year, the economy has emerged from this tense period onto firmer ground. Inflation has waned at the national and state levels, and employers continued to add jobs at a healthy rate. Households continued to spend, buoying businesses even in the face of higher interest rates. Taken together, current indicators suggest that the U.S. economy is maintaining an average pace of expansion, surpassing many economists’ expectation for a recession or a very sluggish pace of growth.

**El Paso County School District No. 2 – Harrison
Management’s Discussion and Analysis
As of and For the Fiscal Year Ended June 30, 2024**

**State of Colorado Budget Outlook
FY 2024-25 Unbudgeted**

General Fund revenue is expected to grow 4.0 percent and total \$18.45 billion, with state revenue subject to TABOR exceeding the Referendum C cap by \$1.75 billion. The budget outlook for this year will depend on budgetary decision making for the year prior. Based on Joint Budget Committee actions through March 10, 2023, the General Fund is projected to end FY 2024-25 with an excess reserve of between \$383 million, if the entire amount of the FY 2023-24 excess reserve is spent and \$1.01 billion, if the entire amount of the FY 2023-24 excess reserve is carried forward into FY 2024-25.

FY 2025-26 Unbudgeted

General Fund revenue is expected to grow 5.4 percent and total \$19.66 billion, with state revenue subject to TABOR exceeding the Referendum C cap by \$2.29 billion. The budget outlook for this year depends in large part on choices the General Assembly will make for FY 2024-25.

Risks to the Budget Outlook

The fiscal year 2025-26 Budget Request for the State of Colorado notes that the State’s rate of inflation has dropped considerably, from a high of 8.0 percent in 2022 to an expected 2.5 percent in 2024. Lower inflation impacts the growth of the state budget. The Budget Request includes an economic forecast indicating that the TABOR cap will limit the growth of the FY 2025-26 budget to \$610.1 million, or a 3.2 percent increase compared to FY 2024-25.

District Budgetary Outlook

Property tax is a major funding source for the District, allocated to both General Fund and the Bond Redemption Fund. Property tax assessments are completed every two years by the county assessor’s office. The school district will certify a mill levy in December of each year, which is then sent to the county assessor’s office. The majority of the property taxes are collected during the months of February through June by the county and are forwarded to each school district monthly. Property taxes allocated to General Fund Revenue are estimated to be \$30.6 million in Fiscal Year 2024-2025 and account for 14.9 percent of General Fund Revenue. Property taxes provide 98 percent of the funding for the Bond Redemption Fund, estimated to be \$14.4 million in Fiscal Year 2024-2025.

The School Finance Act allows for additional revenue to be raised with voter override approval. The maximum amount that can be approved is 20 percent of a district’s total program funding. Harrison School District Two voters have approved \$5.75 million which is collected annually. Additionally, in November 2024, voters approved an additional \$9 million, adjusted annually for inflation, which will be collected annually for ten years beginning in 2025. This represents 10.4 percent of the total program funding for the District.

Specific ownership tax is collected by the counties when vehicles are registered. A portion of this tax is allocated to the school district and is recorded in the General Fund. Harrison is expecting to collect \$3.6 million in Fiscal Year 2024-2025.

The largest source of revenue for the District is derived from state funding based on the 1994 Public School Finance Act, commonly referred to as program funding and is recorded in the General Fund. Program funding is mandated by state statute, C.R.S. 22-54-104 and is revised each year. This legislation requires that all schools in Colorado will be funded on a per pupil basis. Senate Bill 19-207 was approved by the Colorado General Assembly in April which revised the Public School Finance Act. The major

**El Paso County School District No. 2 – Harrison
Management’s Discussion and Analysis
As of and For the Fiscal Year Ended June 30, 2024**

factors that impact funding through this Act are student enrollment and an inflationary increase based on the Denver/Greeley/Lakewood consumer price index. The inflationary increase for Fiscal Year 2024-2025 is 5.2 percent. The projected per pupil revenue is \$11,481 which is an increase of \$738 per pupil from the prior fiscal year. The District estimates to receive \$126 million for Fiscal Year 2023-2024, with this funding source providing over 73 percent of the General Fund revenue.

The budgeted draw down of ending fund balance is the intentional plan of the District to effectively utilize revenues and to minimize the impact of potential reductions. In June 2019, the Board of Education adopted an updated board policy which states "The Superintendent may not develop a budget that provides for an anticipated year-end fund balance of less than 13% of general fund expenditures." The financial impact of future year projections will be reviewed and monitored continually during the year to allow for data driven decisions to be made as warranted and deemed necessary.

Requests for Information

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

Harrison School District No. 2, Chief Financial Officer
1060 Harrison Road
Colorado Springs, CO 80905

Questions concerning component unit information provided in this report or requests for additional financial information should be addressed to:

James Irwin Charter Schools, Chief Financial Officer
5525 Astrozon Boulevard
Colorado Springs, CO 80916

Atlas Preparatory School, Inc., Executive Director
1602 South Murray Boulevard
Colorado Springs, CO 80916

The Vanguard School, Chief Financial Officer
1605 South Corona Avenue
Colorado Springs, CO 80905

El Paso County School District No. 2 - Harrison

Statement of Net Position

June 30, 2024

	Primary Government	
	Governmental Activities	Component Units
Assets		
Cash and investments (Notes 4 and 5)	\$ 49,132,750	\$ 63,854,227
Receivables:		
Property taxes receivable	1,003,792	-
Leases receivable	-	688,640
Other receivables	-	572,412
Due from other governments	14,081,940	5,705,956
Grants receivable	-	905,645
Inventory	94,524	-
Prepaid expenses	1,039,413	453,376
Restricted assets (Note 6)	28,249,666	4,682,650
Capital assets:		
Assets not subject to depreciation (Note 9)	29,293,094	16,720,400
Assets subject to depreciation - Net (Note 9)	203,019,836	79,640,412
	<u>325,915,015</u>	<u>173,223,718</u>
Deferred Outflows of Resources		
Deferred charges on bond refunding (Note 10)	304,345	1,921,808
Deferred pension outflows (Note 13)	52,184,535	20,828,327
Deferred OPEB outflows (Note 14)	610,091	523,413
	<u>53,098,971</u>	<u>23,273,548</u>
Liabilities		
Accounts payable	7,477,684	914,481
Due to other governmental units	2,091,761	-
Accrued liabilities and other:		
Accrued salaries and wages	10,978,694	2,072,777
Accrued interest payable	695,338	566,321
Unearned revenue (Note 7)	3,054,275	1,669,730
Other current liabilities	-	1,298,460
Noncurrent liabilities:		
Due within one year (Note 10)	8,383,513	1,610,987
Due in more than one year (Note 10)	201,064,728	79,864,480
Net pension liability due in more than one year (Note 13)	190,746,462	68,018,285
Net OPEB liability due in more than one year (Note 14)	4,605,895	1,642,369
	<u>429,098,350</u>	<u>157,657,890</u>
Deferred Inflows of Resources		
Other deferred inflows - Leases	-	739,507
Deferred pension inflows (Note 13)	11,024,140	1,729,325
Deferred OPEB inflows (Note 14)	1,709,351	657,039
	<u>12,733,491</u>	<u>3,125,871</u>
Net Position (Deficit)		
Net investment in capital assets	39,540,253	17,077,497
Restricted:		
Emergency reserves (TABOR) (Note 15)	4,900,000	1,946,100
Debt service	10,884,734	3,944,405
Capital projects	1,776,472	679,850
Unrestricted	(119,919,314)	12,065,653
	<u>\$ (62,817,855)</u>	<u>\$ 35,713,505</u>
Total net position (deficit)		

El Paso County School District No. 2 - Harrison

Statement of Activities

Year Ended June 30, 2024

Functions/Programs	Program Revenue				Governmental Activities	Component Units
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position	
Primary government - Governmental activities:						
Instruction	\$ 75,194,110	\$ 1,570,684	\$ 50,661,656	\$ -	\$ (22,961,770)	\$ -
Support services	78,646,896	-	508,073	-	(78,138,823)	-
Athletics	482,923	26,952	-	-	(455,971)	-
Food services	6,373,802	123,597	5,820,259	-	(429,946)	-
Community services	2,172,489	-	-	-	(2,172,489)	-
Interest	6,329,730	-	-	-	(6,329,730)	-
Total primary government	\$ 169,199,950	\$ 1,721,233	\$ 56,989,988	\$ -	(110,488,729)	-
Component units:						
James Irwin Charter Schools	\$ 27,659,637	\$ 3,237,952	\$ 1,023,795	\$ 816,776	-	(22,581,114)
Atlas Preparatory School	19,627,531	768,909	7,111,223	486,936	-	(11,260,463)
Vanguard School	20,365,590	1,849,648	422,085	630,956	-	(17,462,901)
Total component units	\$ 67,652,758	\$ 5,856,509	\$ 8,557,103	\$ 1,934,668	-	(51,304,478)
General revenue:						
Taxes:						
Property taxes - Levied for general purposes					21,549,221	3,167,306
Property taxes - Levied for debt service					14,486,866	-
Specific ownership taxes					3,509,385	-
State equalization					72,770,046	52,227,667
Federal grants and contributions not restricted to specific purposes					-	1,496,842
Interest and investment earnings					3,474,645	2,129,554
Other					1,712,328	698,842
Total general revenue					117,502,491	59,720,211
Change in Net Position					7,013,762	8,415,733
Net Position (Deficit) - Beginning of year					(69,831,617)	27,297,772
Net Position (Deficit) - End of year					\$ (62,817,855)	\$ 35,713,505

El Paso County School District No. 2 - Harrison

Governmental Funds Balance Sheet

June 30, 2024

	General Fund	Designated Purpose Grants Fund	Building Fund	Debt Service Fund	Nonmajor Funds	Total Governmental Funds
Assets						
Cash and investments (Notes 4 and 5)	\$ 25,865,970	\$ 10,456,817	\$ -	\$ 4,178,362	\$ 8,631,601	\$ 49,132,750
Receivables:						
Property taxes receivable	599,400	-	-	404,392	-	1,003,792
Due from other governments	284,243	11,721,040	224	-	2,076,433	14,081,940
Due from other funds (Note 8)	23,931,834	-	-	-	19,645	23,951,479
Inventory	-	-	-	-	94,524	94,524
Prepaid expenses	1,039,413	-	-	-	-	1,039,413
Restricted assets (Notes 4 and 6)	-	-	17,973,954	8,215,372	2,060,340	28,249,666
Total assets	\$ 51,720,860	\$ 22,177,857	\$ 17,974,178	\$ 12,798,126	\$ 12,882,543	\$ 117,553,564
Liabilities						
Accounts payable	\$ 2,275,066	\$ 1,435,520	\$ 3,486,246	\$ 1,357	\$ 279,495	\$ 7,477,684
Due to other governmental units	2,091,761	-	-	-	-	2,091,761
Due to other funds (Note 8)	19,645	16,798,884	854,406	1,024,705	5,253,839	23,951,479
Accrued salaries and wages	9,261,953	1,117,071	-	-	599,670	10,978,694
Unearned revenue (Note 7)	218,584	2,826,382	-	-	9,309	3,054,275
Total liabilities	13,867,009	22,177,857	4,340,652	1,026,062	6,142,313	47,553,893
Deferred Inflows of Resources -						
Unavailable revenue (Note 7)	285,080	-	-	191,992	-	477,072
Total liabilities and deferred inflows of resources	14,152,089	22,177,857	4,340,652	1,218,054	6,142,313	48,030,965
Fund Balances						
Nonspendable:						
Inventory	-	-	-	-	94,524	94,524
Prepays	1,039,413	-	-	-	-	1,039,413
Restricted:						
Debt service	-	-	-	11,580,072	-	11,580,072
Capital projects	591,381	-	13,633,526	-	-	14,224,907
Emergency reserve (TABOR) (Note 15)	4,900,000	-	-	-	-	4,900,000
Food service	-	-	-	-	3,540,913	3,540,913
Committed:						
Capital projects	-	-	-	-	2,642,623	2,642,623
Operational reserves	8,900,000	-	-	-	-	8,900,000
Pupil activities	-	-	-	-	462,170	462,170
Assigned:						
READ Act carryover	21,781	-	-	-	-	21,781
Risk management fund	324,058	-	-	-	-	324,058
Unassigned	21,792,138	-	-	-	-	21,792,138
Total fund balances	37,568,771	-	13,633,526	11,580,072	6,740,230	69,522,599
Total liabilities, deferred inflows of resources, and fund balances	\$ 51,720,860	\$ 22,177,857	\$ 17,974,178	\$ 12,798,126	\$ 12,882,543	\$ 117,553,564

El Paso County School District No. 2 - Harrison

Governmental Funds Reconciliation of the Balance Sheet to the Statement of Net Position

June 30, 2024

Fund Balances Reported in Governmental Funds	\$ 69,522,599
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets (including right-of-use assets) used in governmental activities are not financial resources and are not reported in the funds:	
Cost of capital assets (including right-of-use assets)	330,744,478
Accumulated depreciation and amortization	<u>(98,431,548)</u>
Net capital assets (including right-of-use assets) used in governmental activities	232,312,930
Receivables that are not collected soon after year end are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds	477,072
Deferred inflows related to bond refundings are not reported in the funds	304,345
Bonds payable and lease liabilities are not due and payable in the current period and are not reported in the funds	(204,934,076)
Accrued interest is not due and payable in the current period and is not reported in the funds	(695,338)
Some employee fringe benefits are payable over a long period of years and do not represent a claim on current financial resources; therefore, they are not reported as fund liabilities:	
Employee compensated absences	(4,514,165)
Net pension liability and related deferred inflows and outflows	(149,586,067)
Retiree health care benefits and related deferred inflows and outflows	<u>(5,705,155)</u>
Total employee fringe benefits not reported as fund liabilities	<u>(159,805,387)</u>
Net Position (Deficit) of Governmental Activities	<u><u>\$ (62,817,855)</u></u>

El Paso County School District No. 2 - Harrison

Governmental Funds

Statement of Revenue, Expenditures, and Changes in Fund Balances

Year Ended June 30, 2024

	General Fund	Designated Purpose Grants Fund	Building Fund	Debt Service Fund	Nonmajor Funds	Total Governmental Funds
Revenue						
Local sources	\$ 29,317,655	\$ 164,852	\$ 1,176,611	\$ 14,996,030	\$ 1,107,312	\$ 46,762,460
State sources	89,745,273	6,737,832	-	-	1,059,344	97,542,449
Federal sources	2,092,835	21,455,540	-	-	8,924,720	32,473,095
Total revenue	121,155,763	28,358,224	1,176,611	14,996,030	11,091,376	176,778,004
Expenditures						
Current:						
Instruction	60,029,934	7,530,945	-	-	3,050,925	70,611,804
Support services	53,521,617	13,931,231	3,124,483	-	2,462,885	73,040,216
Athletics	197,145	285,778	-	-	-	482,923
Food services	-	-	-	-	6,059,214	6,059,214
Community services	64,045	2,146,432	-	-	133,672	2,344,149
Debt service:						
Principal	117,223	-	-	5,825,000	-	5,942,223
Interest	87,271	-	-	8,634,581	-	8,721,852
Capital outlay	1,177,845	4,463,838	21,025,898	-	1,085,933	27,753,514
Total expenditures	115,195,080	28,358,224	24,150,381	14,459,581	12,792,629	194,955,895
Excess of Revenue Over (Under) Expenditures	5,960,683	-	(22,973,770)	536,449	(1,701,253)	(18,177,891)
Other Financing Sources (Uses)						
Transfers in (Note 8)	-	-	-	-	2,327,275	2,327,275
Transfers out (Note 8)	(2,327,275)	-	-	-	-	(2,327,275)
Total other financing (uses) sources	(2,327,275)	-	-	-	2,327,275	-
Net Change in Fund Balances	3,633,408	-	(22,973,770)	536,449	626,022	(18,177,891)
Fund Balances - Beginning of year	33,935,363	-	36,607,296	11,043,623	6,114,208	87,700,490
Fund Balances - End of year	\$ 37,568,771	\$ -	\$ 13,633,526	\$ 11,580,072	\$ 6,740,230	\$ 69,522,599

El Paso County School District No. 2 - Harrison

Governmental Funds Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances to the Statement of Activities

Year Ended June 30, 2024

Net Change in Fund Balances Reported in Governmental Funds	\$ (18,177,891)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures; however, in the statement of activities, these costs are allocated over their estimated useful lives as depreciation and amortization:	
Capitalized capital outlay	25,422,756
Depreciation and amortization expense	(6,667,217)
Revenue in the statement of activities that does not provide current financial resources is not reported as revenue in the funds until it is available	(637,132)
Repayment of bond and lease principal is an expenditure in the governmental funds but not in the statement of activities (where it reduces long-term debt and lease liabilities); amortization of premium/discounts and inflows/outflows related to bond refundings are not expenses in the governmental funds	8,312,164
Interest expense is recognized in the government-wide statements as it accrues	22,181
Some employee costs (pension, OPEB, and compensated absences) do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds	(1,261,099)
Change in Net Position of Governmental Activities	<u><u>\$ 7,013,762</u></u>

El Paso County School District No. 2 - Harrison

Component Units Statement of Net Position

June 30, 2024

	Vanguard School	Atlas Preparatory School	James Irwin Charter Schools	Total
Assets				
Cash and investments	\$ 10,720,534	\$ 26,194,278	\$ 26,939,415	\$ 63,854,227
Receivables:				
Leases receivable	-	-	688,640	688,640
Other receivables	-	50,867	521,545	572,412
Due from other governments	1,644,781	4,061,175	-	5,705,956
Grants receivable	-	-	905,645	905,645
Due from other funds	38,582	1,762,282	99,094	1,899,958
Prepaid expenses	-	314,196	139,180	453,376
Restricted assets	1,550,442	-	3,132,208	4,682,650
Capital assets:				
Assets not subject to depreciation	3,720,714	5,738,050	7,261,636	16,720,400
Assets subject to depreciation - Net	15,702,054	20,521,420	43,416,938	79,640,412
Total assets	33,377,107	58,642,268	83,104,301	175,123,676
Deferred Outflows of Resources				
Deferred charges on bond refunding	575,776	644,000	702,032	1,921,808
Deferred pension outflows	6,681,310	6,348,575	7,798,442	20,828,327
Deferred OPEB outflows	144,304	228,847	150,262	523,413
Total deferred outflows of resources	7,401,390	7,221,422	8,650,736	23,273,548
Liabilities				
Accounts payable	97,170	-	817,311	914,481
Due to other funds	38,582	1,762,282	99,094	1,899,958
Accrued liabilities and other:				
Accrued salaries and wages	1,394,368	-	678,409	2,072,777
Accrued interest payable	35,388	31,161	499,772	566,321
Unearned revenue	6,155	273,011	1,390,564	1,669,730
Other current liabilities	-	1,298,460	-	1,298,460
Noncurrent liabilities:				
Due within one year	697,650	325,130	588,207	1,610,987
Due in more than one year:				
Net pension liability due in more than one year	23,686,519	18,825,187	25,506,579	68,018,285
Net OPEB liability due in more than one year	571,934	454,553	615,882	1,642,369
Due in more than one year	22,032,964	9,645,804	48,185,712	79,864,480
Total liabilities	48,560,730	32,615,588	78,381,530	159,557,848
Deferred Inflows of Resources				
Other deferred inflows - Leases	-	50,867	688,640	739,507
Deferred pension inflows	766,913	12,977	949,435	1,729,325
Deferred OPEB inflows	313,916	141,403	201,720	657,039
Total deferred inflows of resources	1,080,829	205,247	1,839,795	3,125,871
Net Position (Deficit)				
Net investment in capital assets	(2,732,070)	16,932,536	2,877,031	17,077,497
Restricted:				
Emergency reserves (TABOR)	604,200	566,000	775,900	1,946,100
Debt service	1,582,313	-	2,362,092	3,944,405
Capital projects	-	679,850	-	679,850
Unrestricted	(8,317,505)	14,864,469	5,518,689	12,065,653
Total net position (deficit)	\$ (8,863,062)	\$ 33,042,855	\$ 11,533,712	\$ 35,713,505

El Paso County School District No. 2 - Harrison

Component Units Statement of Activities

Year Ended June 30, 2024

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Position			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	James Irwin Charter Schools	Atlas Preparatory School	Vanguard School	Total
James Irwin Charter Schools:								
Instruction	\$ 14,677,460	\$ 3,237,952	\$ 993,211	\$ -	\$ (10,446,297)	\$ -	\$ -	\$ (10,446,297)
Support services	10,709,068	-	30,584	816,776	(9,861,708)	-	-	(9,861,708)
Interest	2,273,109	-	-	-	(2,273,109)	-	-	(2,273,109)
Total James Irwin Charter Schools	27,659,637	3,237,952	1,023,795	816,776	(22,581,114)	-	-	(22,581,114)
Atlas Preparatory School:								
Instruction	\$ 8,755,374	\$ 75,876	\$ 6,944,037	\$ -	\$ -	\$ (1,735,461)	\$ -	\$ (1,735,461)
Support services	10,443,371	693,033	167,186	486,936	-	(9,096,216)	-	(9,096,216)
Interest	428,786	-	-	-	-	(428,786)	-	(428,786)
Total Atlas Preparatory School	19,627,531	768,909	7,111,223	486,936	-	(11,260,463)	-	(11,260,463)
Vanguard School:								
Instruction	11,717,358	423,331	408,001	630,956	-	-	(10,255,070)	(10,255,070)
Support services	7,753,646	1,426,317	14,084	-	-	-	(6,313,245)	(6,313,245)
Interest	894,586	-	-	-	-	-	(894,586)	(894,586)
Total Vanguard School	20,365,590	1,849,648	422,085	630,956	-	-	(17,462,901)	(17,462,901)
Total component units	\$ 67,652,758	\$ 5,856,509	\$ 8,557,103	\$ 1,934,668	(22,581,114)	(11,260,463)	(17,462,901)	(51,304,478)
General revenue:								
Taxes - District mill levy					1,796,776	605,433	765,097	3,167,306
Per pupil revenue					21,678,291	13,723,848	16,825,528	52,227,667
Federal grants and contributions not restricted to specific purposes					151,222	1,345,620	-	1,496,842
Interest and investment earnings					727,388	768,650	633,516	2,129,554
Other					294,556	107,610	296,676	698,842
Total general revenue					24,648,233	16,551,161	18,520,817	59,720,211
Change in Net Position					2,067,119	5,290,698	1,057,916	8,415,733
Net Position (Deficit) - Beginning of year					9,466,593	27,752,157	(9,920,978)	27,297,772
Net Position (Deficit) - End of year					\$ 11,533,712	\$ 33,042,855	\$ (8,863,062)	\$ 35,713,505

June 30, 2024

Note 1 - Nature of Business

El Paso County School District No. 2 - Harrison (the "School District") is a school district in the state of Colorado that provides educational services to students.

Note 2 - Significant Accounting Policies

Accounting and Reporting Principles

The School District follows accounting principles generally accepted in the United States of America (GAAP), as applicable to governmental units. Accounting and financial reporting pronouncements are promulgated by the Governmental Accounting Standards Board (GASB). The following is a summary of the significant accounting policies used by the School District:

Reporting Entity

The School District was established in 1874 and is organized under the Constitution of the State of Colorado. Under such laws, there is no authority for a school district to have a charter or adopt local laws. The legislative power of the School District is vested in the Board of Education, consisting of five members elected at large for staggered four-year terms. The Board of Education maintains oversight for the School District's 30 instructional facilities and support departments to provide services to meet the needs of approximately 13,000 students and other community members.

The School District serves an area approximately 18 square miles. It encompasses the southern area of the city of Colorado Springs bordering the Fort Carson military complex. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units are, in substance, part of the primary government's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is both legally and substantively separate from the government.

Discretely Presented Component Units

Charter Schools

The School District's charter schools consist of three separately authorized charters: The Vanguard School; James Irwin Charter Schools; and Atlas Preparatory School, Inc. Charter schools are public schools authorized by the State of Colorado to provide alternatives for parents, pupils, and teachers. The charter schools are organized as legal entities, each with a separate governing board. However, the School District must approve all charter school applications. Funding, as required by law, flows from the Colorado Department of Education through the School District to the charter schools on a monthly basis. The charter schools are discretely presented as component units because of the significance of their financial relationship with the School District and the services they provide to district students.

Financial statements for the charter schools may be obtained on the charter schools' financial transparency webpage as required by passage of HB10-1036. A link to the charter schools' financial transparency web pages are provided on the School District's website home page at www.hsd2.org. Click the financial transparency logo.

Note 2 - Significant Accounting Policies (Continued)

Report Presentation

Governmental accounting principles require that financial reports include two different perspectives - the government-wide perspective and the fund-based perspective. The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the primary government and its component units, as applicable. The government-wide financial statements are presented on the economic resources measurement focus and the full accrual basis of accounting. Property taxes are recognized as revenue 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 statements also present a schedule reconciling these amounts to the modified accrual-basis presentation found in the fund-based statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenue. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenue includes: (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Taxes, unrestricted intergovernmental receipts, and other items not properly included among program revenue are reported instead as general revenue.

As a general rule, the effect of interfund activity has been removed from the government-wide financial statements.

Major individual governmental funds are reported as separate columns in the fund financial statements.

Basis of Accounting

The governmental funds use the current financial resources measurement focus and the modified accrual basis of accounting. This basis of accounting is intended to better demonstrate accountability for how the School District has spent its resources.

Expenditures are reported when the goods are received or the services are rendered. Capital outlays are reported as expenditures (rather than as capital assets) because they reduce the ability to spend resources in the future; conversely, employee benefit costs that will be funded in the future (such as pension and retiree health care-related costs or sick and vacation pay) are not counted until they come due for payment. In addition, debt service expenditures, claims, and judgments are recorded only when payment is due.

Revenue is not recognized until it is collected or collected soon enough after the end of the year that it is available to pay for obligations outstanding at the end of the year. Revenue is recognized as soon as they are both measurable and available. Revenue is considered to be available when they are collectible within the period or soon enough thereafter to pay liabilities of the current fiscal period. For this purpose, the government considers revenue to be available if they are collected within 60 days of the end of the current fiscal period, except for expenditure driven grants. Revenue not meeting this definition is classified as a deferred inflow of resources.

Expenditure driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 120 days of year end). All other revenue items are considered to be measurable and available only when cash is received by the School District.

Note 2 - Significant Accounting Policies (Continued)

Fund Accounting

The School District accounts for its various activities in several different funds in order to demonstrate accountability for how it spends certain resources; separate funds allow the School District to show the particular expenditures for which specific revenue is used. The various funds are aggregated into the following broad fund type:

Governmental Funds

Governmental funds include all activities that provide general governmental services that are not business-type activities. Governmental funds can include the General Fund, special revenue funds, debt service funds, capital project funds, and permanent funds. The School District reports the following funds as major governmental funds:

- The General Fund is the primary operating fund because it accounts for all financial resources used to provide government services other than those specifically assigned to another fund.
- The Designated Purpose Grants Fund is used to record financial transactions for grants received for designated programs funded by federal, state, or local governments.
- The Building Fund is used to account for and report the restricted bond proceeds from the various bond issuances and other financing sources that are restricted to expenditures in connection with renovating, remodeling, equipping, furnishing, and improving school district facilities.
- Debt service funds are used to record tax, interest, and other revenue for payment of interest, principal, and other expenditures on long-term debt.

Additionally, the School District reports the following nonmajor governmental fund types:

- Special revenue funds are used to account for the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes. The School District's special revenue funds are the Nutrition Service, Title I, and Pupil Activity funds. Revenue sources for the Nutrition Service Fund include sales to customer and dedicated grants from federal sources. The revenue source for the Title I Fund is federal funding. Revenue sources for the Pupil Activity Fund include fundraising revenue and donations earned and received by student groups. Any operating deficit generated by these activities is the responsibility of the General Fund.
- Capital projects funds are used to record bond proceeds or other revenue and the disbursement of invoices specifically designated for acquiring new school sites, buildings, and equipment; technology upgrades; and remodeling and repairs. The funds operate until the purpose for which they were created is accomplished.

Interfund Activity

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

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

Note 2 - Significant Accounting Policies (Continued)

Specific Balances and Transactions

Cash and Investments

Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value except for investments in external investment pools, which are valued at amortized cost, net asset value, or categorized by level within GASB Statement Nos. 72 and 79.

Inventories and Prepaid Items

Inventories are valued at cost on a first-in, first-out basis. Inventories are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements, when applicable.

Restricted Assets

The following amounts are reported as restricted assets:

- Unspent bond proceeds and related interest of the Building Fund required to be set aside for construction or other allowable bond purchases
- Unspent property taxes levied held in the Debt Service Fund required to be set aside for future bond principal and interest payments
- Title I fund assets that are restricted for specific grant activity

Capital Assets

Capital assets are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the School District as assets with an initial individual cost of more than \$5,000 for items purchased with federal funds and \$10,000 for all other items 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 estimated acquisition value at the date of donation.

Capital assets are depreciated or amortized using the straight-line method over the following useful lives:

Asset Class	Depreciable/ Amortizable Life - Years
Buildings and improvements	20 to 50
Furniture and equipment	5 to 12
Buses and other vehicles	5 to 12
Land improvements	10 to 25
Lease assets - Equipment	5

Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities of net position. Bond premiums and discounts are deferred and amortized over the life of the bond using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed at the time they are incurred. In the fund financial statements, governmental fund types recognize bond issuances and premiums as other financing sources and bond discounts as other financing uses. The General Fund and Debt Service Fund are generally used to liquidate governmental long-term debt.

Note 2 - Significant Accounting Policies (Continued)

Deferred Outflows/Inflows of Resources

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

The School District reports deferred outflows related to deferred pension, OPEB, and bond refunding costs.

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

The School District reports deferred inflows related to unavailable revenue, leases, deferred pension, and OPEB cost reductions.

Net Position

Net position of the School District is classified in three components. Net investment in capital assets consists of capital assets net of accumulated depreciation and is reduced by the current balances of any outstanding borrowings used to finance the purchase or construction of those assets. The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Unrestricted net position is the remaining net position that does not meet the definition of invested in capital or restricted.

Net Position Flow Assumption

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

Fund Balance Flow Assumptions

The School District will sometimes fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the School District's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Furthermore, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Note 2 - Significant Accounting Policies (Continued)

Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The nonspendable fund balance component represents amounts that are not in spendable form or are legally or contractually required to be maintained intact. Restricted fund balance represents amounts that are legally restricted by outside parties, constitutional provisions, or enabling legislation for use for a specific purpose. The School District itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance). The School District has a fund balance policy that was adopted by the Board of Education that requires the School District to maintain 13 percent of unassigned fund balance, as a percentage of General Fund expenditures.

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the School District's highest level of decision-making authority. The Board of Education is the highest level of decision-making authority for the School District that can, by passing a resolution prior to the end of the fiscal year, commit fund balance. Once passed, the limitation imposed by the resolution remains in place until a similar action is taken (the passing of another resolution) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The School District has, by resolution, authorized the chief financial officer to assign fund balance. The Board of Education may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally exist only temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Unassigned fund balance is the residual classification after the amounts for the nonspendable, restricted, committed, and assigned classifications have been identified. The General Fund is the only fund that may report a positive unassigned fund balance amount; it is not appropriate to report a positive unassigned fund balance in other governmental funds. However, in governmental funds other than the General Fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative assigned fund balance in that fund.

Property Tax Revenue

Property taxes for the current year are certified in arrears to the County by December 15, and attach as an enforceable lien on property the following January 1. Property taxes are payable in full by April 30, or are payable in two equal installments due February 28 and June 15. The county treasurer bills and collects the School District's property tax. School District property tax revenue are recognized when levied to the extent they result in current receivables. The School District is permitted to levy taxes on the assessed valuation for general governmental services and for the payment of principal and interest on long-term debt.

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

Property taxes, interest, and charges for services associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. Specific ownership taxes collected and held by the county at year end on behalf of the School District are also recognized as revenue.

Note 2 - Significant Accounting Policies (Continued)

Grants and Contributions

The School District receives federal, state, and local grants, as well as contributions from individuals and private organizations. Revenue from grants and contributions (including contributions of capital assets) is recognized when all eligibility requirements, including time requirements, are met. Grants and contributions may be restricted for either specific operating purposes or for capital purposes. Amounts that are unrestricted or that are restricted to a specific operating purpose are reported as nonoperating revenue. Amounts restricted to capital acquisitions are reported after nonoperating revenue and expenses.

Pension

The School 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.

Other Postemployment Benefit Costs

The School 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. The net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, information about the fiduciary net position, and additions to/deductions from the FNP of the HCTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefits paid on behalf of health care participants are recognized when due and/or payable in accordance with the benefit terms. Investments are reported at fair value.

Compensated Absences (Vacation and Sick Leave)

It is the School District's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. Sick pay is accrued for the estimated amount that the School District will pay upon employment termination; vacation pay is accrued when incurred. A liability for these amounts is reported in governmental funds only for employee terminations as of year end. Generally, the funds that report each employee's compensation are used to liquidate the obligations.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

Leases

The School District is a lessee for noncancelable leases of copiers. The School District recognizes a lease liability and an intangible right-of-use lease asset (lease asset) in the applicable governmental column in the government-wide financial statements. The School District recognizes lease assets and liabilities with an initial value of \$50,000 or more.

Note 2 - Significant Accounting Policies (Continued)

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

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

- The School 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 School District generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancelable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the School District is reasonably certain to exercise.

The School 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.

Upcoming Accounting Pronouncements

In June 2022, the Governmental Accounting Standards Board issued Statement No. 101, *Compensated Absences*, which updates the recognition and measurement guidance for compensated absences under a unified model. This statement requires that liabilities for compensated absences be recognized for leave that has not been used and leave that has been used but not yet paid in cash or settled through noncash means and establishes guidance for measuring a liability for leave that has not been used. It also updates disclosure requirements for compensated absences. The provisions of this statement are effective for the School District's financial statements for the year ending June 30, 2025.

In December 2023, the Governmental Accounting Standards Board issued Statement No. 102, *Certain Risk Disclosures*, which requires governments to assess whether a concentration or constraint makes the government vulnerable to the risk of a substantial impact. It also requires governments to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. If certain criteria are met for a concentration or constraint, disclosures are required in the notes to the financial statements. The provisions of this statement are effective for the School District's financial statements for the year ending June 30, 2025.

In April 2024, the Governmental Accounting Standards Board issued Statement No. 103, *Financial Reporting Model Improvements*, which establishes new accounting and financing reporting requirements, or modifies existing requirements, related to the following: management's discussion and analysis; unusual or infrequent items; presentation of the proprietary fund statement of revenue, expenses, and changes in fund net position; information about major component units in basic financial statements; budgetary comparison information; and financial trends information in the statistical section. The provisions of this statement are effective for the School District's financial statements for the year ending June 30, 2026.

Note 3 - Stewardship, Compliance, and Accountability

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles and state law for all funds. All annual appropriations lapse at fiscal year end. The budget document presents information by fund and function and is presented on the same basis in which the Board of Education has adopted the budgets. The legal level of budgetary control adopted by the governing body (i.e., the level at which expenditures may not legally exceed appropriations) is the function level. State law requires the School to have its budget in place by July 1. Expenditures in excess of amounts budgeted are a violation of Colorado law. State law permits districts to amend their budgets during the year. During the year, the budget was amended in a legally permissible manner. There were no significant amendments during the year.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders and contracts) are not tracked during the year. Budget appropriations are considered to be spent once the goods are delivered or the services rendered. At June 30, 2024, the School District did not have any significant outstanding encumbrances.

Excess of Expenditures Over Appropriations in Budgeted Funds

The School District did not have significant expenditure budget variances.

Note 4 - Deposits and Investments

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

These amounts are classified into the following deposit and investment categories:

	Primary Government	Component Units
Deposits with financial institutions	\$ 15,687,118	\$ 15,265,663
Investments:		
Local government investment pools	58,301,196	21,667,634
Mutual funds	1,588,843	-
Debt securities	1,805,259	19,604,541
Money markets	-	8,670,186
Certificates of deposits	-	3,328,853
Total	<u>\$ 77,382,416</u>	<u>\$ 68,536,877</u>

Colorado state statutes govern the entity's deposits of cash. The Colorado Public Deposit Protection Act (PDPA) requires state regulators to certify eligible depositories for public deposit. The PDPA requires the eligible depositories with public deposits in excess of the amounts insured by the Federal Deposit Insurance Corporation (FDIC) to create a single institutional collateral pool of obligation of the State of Colorado or local Colorado governments and obligations secured by first lien mortgages on real property located in the state. The pool is to be maintained by another institution or held in trust for all uninsured public deposits as a group. The market value of the assets in the pool must be at least 102 percent of the uninsured deposits.

Note 4 - Deposits and Investments (Continued)

Investment policies are governed by Colorado state statutes and the School District's own investment policies and procedures. Investments of the School District may include:

- Time certificates of deposit
- Obligations of the United States and U.S. government agencies' securities
- International agencies' securities
- General obligation and revenue bonds of U.S. local government entities
- Banker's acceptance of certain banks
- Certain commercial paper
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts
- Local government investment pools

The School District holds shares or interests in government pooled investment funds where the fair value of the investments is measured on a recurring basis using net asset value per share (or its equivalent) of the investment fund as a practical expedient. Investments that are measured at fair value using net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy established by generally accepted accounting principles.

Investments as of June 30, 2024 consist of the following:

Investment Type	Primary Government -12 Months or Less	Component Units - 12 Months or Less	Component Units - 12 Months or Greater
Local government investment pools	\$ 58,301,196	\$ 21,667,634	\$ -
Mutual funds	1,588,843	-	-
Money market	-	8,670,186	-
Certificates of deposits	-	3,328,853	-
Debt securities	<u>1,805,259</u>	<u>-</u>	<u>19,604,541</u>
Total	<u>\$ 61,695,298</u>	<u>\$ 33,666,673</u>	<u>\$ 19,604,541</u>

The School District invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST) (the "Trust"). This is an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all state statutes governing COLOTRUST. The Trust operates similarly to a money market fund, and each share is equal in value to \$1. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. COLOTRUST PRIME invests only in U.S. Treasury and government agencies. COLOTRUST PLUS+ can invest in U.S. Treasury, government agencies, and in the highest-rated commercial paper. A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as a safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. The Trust is rated AAAM by Standard & Poor's and is measured at net asset value. There are no unfunded commitments, the redemption frequency is daily, and there is no redemption notice period.

Note 4 - Deposits and Investments (Continued)

As of June 30, 2024, the School District invested in the Colorado Statewide Investment Program (CSIP), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all state statutes governing CSIP. CSIP operates similarly to a money market fund, and each share is equal in value to \$1.00. CSIP Liquid Portfolio is rated AAAM by Standard & Poor's and is valued at amortized cost. CSIP Term is rated AA+ by Fitch. It records investments at fair value, and the School District records investments in CSIP Term at net asset value. There are no unfunded commitments, the redemption frequency is daily, and there is a one-day redemption notice period. There are no limitations or restrictions on participant withdrawals for the investment pools that are recorded at amortized cost.

The School District's cash and investments are subject to several types of risk, which are examined in more detail below:

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. At June 30, 2024, the School District's cash includes deposits, all of which was covered by federal depository insurance or collateralized under PDPA.

Custodial Credit Risk of Investments

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investment policies are governed by Colorado state statutes and the School District's own investment policies and procedures. At June 30, 2024, the School District does not have investments with custodial credit risk.

Interest Rate Risk

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The School District has a board-approved investment policy that limits investment maturities to five years or less. Colorado revised statute 24-75-601 also limits investment maturities to five years or less. At June 30, 2024, the School District does not have investments with interest rate risk other than those disclosed above.

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligations to the holder of the investment. State law limits investments for school districts to U.S. Treasury issues, other federally backed notes and credits, and other agency offerings without limitation. Other investment instruments, including bank obligations, general obligation bonds, and commercial paper, are limited to at least one of the highest rating categories of at least one nationally recognized rating agency. State law further limits investments in money market funds organized according to Federal Investment Company Act of 1940, as specified in rule 2a-7, as amended, as long as such rule does not increase remaining maturities beyond a maximum of three years. Investments in these funds require that the institutions have assets in excess of \$1 billion or the highest credit rating from at least one nationally recognized rating agency. As of June 30, 2024, the School District's investments consist of the following by Standard & Poor's or Fitch rating.

Investment	Aa3	AA+	AAAm	Not Rated
Primary Government				
Local government investment pools	-	-	\$ 58,301,196	-
Mutual funds	-	-	1,588,843	-
Debt securities	-	1,805,259	-	-
Total	\$ -	\$ 1,805,259	\$ 59,890,039	\$ -

June 30, 2024

Note 4 - Deposits and Investments (Continued)

Investment	AA+	AAA	AAAm	Not Rated
Component Units				
Local government investment pools	\$ -	\$ -	\$ 21,667,634	\$ -
Debt securities	19,604,541	-	-	-
Certificates of deposit	-	-	-	3,328,853
Money market funds	-	8,670,186	-	-
Total	<u>\$ 19,604,541</u>	<u>\$ 8,670,186</u>	<u>\$ 21,667,634</u>	<u>\$ 3,328,853</u>

Concentration of Credit Risk

The School District places no limit on the amount it may invest in any one issuer. The School District does not have any investments subject to concentration of credit risk.

Foreign Currency Risk

Foreign currency risk is the risk that an investment denominated in the currency of a foreign country could reduce its U.S. dollar value as a result of changes in foreign currency exchange rates. State law and the School District's investment policy prohibit investments in foreign currency.

Note 5 - Fair Value Measurements

The School District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the assets. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are significant other observable inputs, and Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using net asset value (NAV) per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy.

In instances where inputs used to measure fair value fall into different levels in the fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The School District's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset.

The Primary Government has the following recurring fair value measurements as of June 30, 2024:

	<u>Assets Measured at Fair Value on a Recurring Basis at June 30, 2024</u>			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at June 30, 2024
Assets				
Mutual funds	\$ 1,588,843	\$ -	\$ -	\$ 1,588,843
Debt securities	-	1,805,259	-	1,805,259
Total	<u>\$ 1,588,843</u>	<u>\$ 1,805,259</u>	<u>\$ -</u>	3,394,102
Investments measured at NAV - Local government investment pools				<u>58,301,196</u>
Total assets				<u>\$ 61,695,298</u>

June 30, 2024

Note 5 - Fair Value Measurements (Continued)

The component units have the following recurring fair value measurements as of June 30, 2024:

	Assets Measured at Fair Value on a Recurring Basis at June 30, 2024			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at June 30, 2024
Assets				
Certificates of deposits	\$ 3,328,853	\$ -	\$ -	\$ 3,328,853
Money market	8,670,186	-	-	8,670,186
Debt securities	-	19,604,541	-	19,604,541
Total	\$ 11,999,039	\$ 19,604,541	\$ -	31,603,580
Investments measured at NAV - Local government investment pools				21,667,634
Total assets				\$ 53,271,214

Mutual funds classified in Level 1 are valued using prices quoted in active markets for those securities.

Investments in Entities that Calculate Net Asset Value per Share

The School District and component units hold shares or interests in local governmental investment pools where the fair value of the investments is measured on a recurring basis using net asset value per share (or its equivalent) of the investment companies as a practical expedient.

As of June 30, 2024, the School District held \$58,301,196 in COLOTRUST Plus+ and CSIP. For additional information on local government investment pools, see Note 4. As of June 30, 2024, the component units held \$21,667,634 in local government investment pools. For additional information on local government investment pools, see Note 4.

Note 6 - Restricted Assets

At June 30, 2024, restricted assets are composed of the following:

Description	Governmental Activities	Component Units
Unspent bond proceeds	\$ 17,973,954	\$ -
Bond debt service reserve	8,215,372	-
Title I fund	2,060,340	-
Building corporation funds and foundation funds	-	4,682,650
Total	\$ 28,249,666	\$ 4,682,650

Note 7 - Unavailable/Unearned Revenue

Governmental funds report unavailable revenue in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. Governmental funds also report unearned revenue recognition in connection with resources that have been received but not yet earned.

June 30, 2024

Note 7 - Unavailable/Unearned Revenue (Continued)

At June 30, 2024, the various components of unearned and unavailable revenue were as follows:

	Governmental Funds		Component Units	
	Deferred Inflow - Unavailable	Liability - Unearned	Deferred Inflow - Unavailable	Liability - Unearned
Property taxes	\$ 477,072	\$ -	\$ -	\$ -
Unearned revenue primarily related to grants received prior to meeting all eligibility requirements	-	3,054,275	-	1,669,730
Total	\$ 477,072	\$ 3,054,275	\$ -	\$ 1,669,730

Note 8 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows:

Fund Due To	Primary Government					
	Fund Due From					
	General Fund	Designated Purpose Grants Fund	Building Fund	Debt Service Fund	Nonmajor Funds	Total Primary Government
General Fund	\$ -	\$ 16,798,884	\$ 854,406	\$ 1,024,705	\$ 5,253,839	\$ 23,931,834
Nonmajor funds	19,645	-	-	-	-	19,645
Total	\$ 19,645	\$ 16,798,884	\$ 854,406	\$ 1,024,705	\$ 5,253,839	\$ 23,951,479

Interfund balances represent amounts due to the General Fund for temporary cash flow assistance due to the School District's banking arrangement between funds.

Interfund transfers reported in the fund financial statements are composed of the following:

Paying Fund (Transfer Out)	Receiving Fund (Transfer In)	Amount
General Fund	Capital Reserve Fund	\$ 2,327,275

The transfer from the General Fund provided to the Capital Reserve Fund is for various capital projects.

June 30, 2024

Note 9 - Capital Assets

Capital asset activity of the School District's governmental activities was as follows:

Governmental Activities

	Balance July 1, 2023	Reclassifications	Additions	Disposals and Adjustments	Balance June 30, 2024
Capital assets not being depreciated or amortized:					
Land	\$ 4,795,044	\$ -	\$ -	\$ -	\$ 4,795,044
Construction in progress	25,367,559	(24,545,568)	23,676,059	-	24,498,050
Subtotal	30,162,603	(24,545,568)	23,676,059	-	29,293,094
Capital assets being depreciated or amortized:					
Buildings and improvements	261,172,618	24,388,935	128,928	-	285,690,481
Furniture and equipment	4,679,364	126,854	1,113,318	-	5,919,536
Buses and other vehicles	4,477,780	-	265,869	(67,377)	4,676,272
Land improvements	4,561,545	29,779	238,582	-	4,829,906
Lease assets	335,189	-	-	-	335,189
Subtotal	275,226,496	24,545,568	1,746,697	(67,377)	301,451,384
Accumulated depreciation and amortization:					
Buildings and improvements	83,807,947	-	5,745,678	-	89,553,625
Furniture and equipment	2,700,424	-	266,604	-	2,967,028
Buses and other vehicles	2,885,641	-	389,398	(67,377)	3,207,662
Land improvements	2,270,102	-	181,739	-	2,451,841
Accumulated amortization - Lease assets - Equipment	167,594	-	83,798	-	251,392
Subtotal	91,831,708	-	6,667,217	(67,377)	98,431,548
Net capital assets being depreciated and amortized	183,394,788	24,545,568	(4,920,520)	-	203,019,836
Net governmental activities capital assets	\$ 213,557,391	\$ -	\$ 18,755,539	\$ -	\$ 232,312,930

El Paso County School District No. 2 - Harrison

Notes to Financial Statements

June 30, 2024

Note 9 - Capital Assets (Continued)

Capital asset activity for the School District's component units for the year ended June 30, 2024 was as follows:

Component Units

	Balance July 1, 2023	Reclassifications	Additions	Disposals and Adjustments	Balance June 30, 2024
Capital assets not being depreciated or amortized:					
Land	\$ 11,804,181	\$ -	\$ -	\$ -	\$ 11,804,181
Construction in progress	20,395,857	(21,683,849)	6,204,211	-	4,916,219
Subtotal	32,200,038	(21,683,849)	6,204,211	-	16,720,400
Capital assets being depreciated and amortized:					
Buildings and improvements	81,587,677	-	21,993,049	(12,795)	103,567,931
Furniture and equipment	2,115,855	-	125,399	(563,055)	1,678,199
Vehicles	2,218,702	-	10,575	-	2,229,277
Lease assets	801,568	-	345,796	-	1,147,364
Subtotal	86,723,802	-	22,474,819	(575,850)	108,622,771
Accumulated depreciation and amortization:					
Buildings and improvements	24,160,661	-	2,582,548	(8,345)	26,734,864
Furniture and equipment	981,163	-	228,210	(485,920)	723,453
Vehicles	758,926	-	289,742	-	1,048,668
Accumulated amortization - Lease assets	276,822	-	224,094	(25,542)	475,374
Subtotal	26,177,572	-	3,324,594	(519,807)	28,982,359
Net capital assets being depreciated and amortized	60,546,230	-	19,150,225	(56,043)	79,640,412
Net capital assets	<u>\$ 92,746,268</u>	<u>\$ (21,683,849)</u>	<u>\$ 25,354,436</u>	<u>\$ (56,043)</u>	<u>\$ 96,360,812</u>

Depreciation and amortization expense was charged to programs of the primary government as follows:

Governmental activities:	
Instruction	\$ 4,333,691
Support services	2,200,182
Food services	133,344
Total governmental activities	<u>\$ 6,667,217</u>

Construction Commitments

The School District's remaining commitments with contractors as of June 30, 2024 for the Building Fund totaled \$13,841,572.

June 30, 2024

Note 10 - Long-term Debt

Long-term debt activity for the year ended June 30, 2024 can be summarized as follows:

Governmental Activities

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds payable:					
Other debt - General obligation bonds payable	\$ 175,950,000	\$ -	\$ (5,825,000)	\$ 170,125,000	\$ 6,060,000
Unamortized bond premiums	37,073,271	-	(2,293,854)	34,779,417	2,293,854
Total bonds payable	213,023,271	-	(8,118,854)	204,904,417	8,353,854
Leases (Note 11)	146,882	-	(117,223)	29,659	29,659
Compensated absences	3,850,476	663,689	-	4,514,165	-
Total governmental activities long-term debt	<u>\$ 217,020,629</u>	<u>\$ 663,689</u>	<u>\$ (8,236,077)</u>	<u>\$ 209,448,241</u>	<u>\$ 8,383,513</u>

Component Units

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds payable:					
Other debt - General obligation bonds payable	\$ 80,744,111	\$ -	\$ (1,328,081)	\$ 79,416,030	\$ 1,378,766
Unamortized bond premiums	1,428,112	-	(64,223)	1,363,889	-
Total bonds payable	82,172,223	-	(1,392,304)	80,779,919	1,378,766
Leases (Note 11)	575,600	345,796	(225,848)	695,548	232,221
Total component unit long-term debt	<u>\$ 82,747,823</u>	<u>\$ 345,796</u>	<u>\$ (1,618,152)</u>	<u>\$ 81,475,467</u>	<u>\$ 1,610,987</u>

The School District and component units had deferred outflows of \$304,345 and \$1,921,808 related to deferred charges on bond refundings at June 30, 2024, respectively.

Note 10 - Long-term Debt (Continued)

General Obligation Bonds and Contracts

The School District issues general obligation bonds to provide for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the School District. General obligations outstanding at June 30, 2024 are as follows:

Purpose	Remaining Annual Installments	Interest Rates	Maturing December 1	Outstanding
Governmental Activities				
\$14,190,000 qualified general obligation bonds (2017)	\$1,650,000 - \$1,820,000	2% - 5%	2026	\$ 5,210,000
\$100,000,000 qualified general obligation bonds (2019)	\$340,000 - \$10,100,000	3% - 5%	2038	81,855,000
\$90,630,000 qualified general obligation bonds (2021)	\$1,265,000 - \$13,860,000	5%	2041	<u>83,060,000</u>
Total governmental activities				<u>\$ 170,125,000</u>

Other Long-term Liabilities

Compensated absences is reported as incurred on the government-wide financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee termination. The liability for compensated absences includes salary-related benefits, where applicable.

Payment of general obligation bonds debt service, including bond principal, is made from the Debt Service Fund. The General Fund typically liquidates compensated absences and lease payments. The General Fund is also typically used to liquidate pension and OPEB liabilities, with remaining amounts liquidated in the other governmental funds.

Component Units

James Irwin Charter Schools 2019 Revenue Note

On August 1, 2019, the Arizona Industrial Development Authority (AZIDA) issued \$24,580,313 of Arizona Industrial Development Authority Charter School Revenue Notes, Series 2019. Note proceeds were loaned to the foundation for the purpose of paying off the Colorado Educational and Cultural Facilities Authority Charter School Revenue Notes, Series 2015 and 2016. Interest accrues on the outstanding balances of the notes at 3.95 percent per annum. Monthly principal and interest payments are due beginning on September 1, 2019, with a final maturity of August 1, 2045.

James Irwin Charter Schools 2022 Revenue Note

On September 1, 2022, the Colorado Educational and Cultural Facilities Authority (the "Authority") issued \$25,575,000 of Charter School Revenue Bonds, Series 2022. Note proceeds were loaned to the James Irwin Educational Foundation. Interest accrues on the outstanding balances of the notes at 5.00 percent per annum. The Series 2022 bonds bear interest payable semiannually on March 1 and September 1 of each year, commencing on March 1, 2023, until maturity on September 1, 2062.

Note 10 - Long-term Debt (Continued)

Atlas Preparatory School, Inc. 2022 Building Loan

On May 11, 2022, the First Interstate Bank issued \$10,373,036 of General Obligation Bonds, Series 2022 to advance refund CECFA's outstanding Series 2015 bonds. Proceeds of bond issuances have been loaned to the building corporation for construction and improvement of the School District's educational facilities. The School District is obligated under a lease agreement to make monthly lease payments to the building corporation for using the facilities. The building corporation is required to make equal payments to the trustee for payment of the bonds. Interest accrues a rate of 3.8 percent and is due monthly. Principal payments are due monthly on the 1st through 2032.

The Vanguard School Revenue Bond

On May 2016, the Colorado Educational and Cultural Facilities Authority (CECFA) issued \$25,120,000 of Charter School Refunding and Improvement Revenue Bonds, Series 2016. Proceeds of the Series 2016 bonds were loaned to the foundation to refund 2006 and 2007 bonds and to finance improvements to the School District's educational facilities. The School District is obligated under a lease agreement to make monthly lease payments to the foundation for using the facilities. The foundation is required to make equal payments to the trustee for payment of the bonds. Interest accrued at rates ranging from 3.00 to 5.00 percent and is due semiannually. Principal payments are due annually on June 15 through 2047.

Debt Service Requirements to Maturity

Annual debt service requirements to maturity for the above bonds obligations are as follows:

Years Ending June 30	Governmental Activities			Component Unit Activities		
	Principal	Interest	Total	Principal	Interest	Total
2025	\$ 6,060,000	\$ 8,344,050	\$ 14,404,050	\$ 1,378,766	\$ 3,369,982	\$ 4,748,748
2026	6,355,000	8,037,075	14,392,075	1,435,669	3,309,328	4,744,997
2027	6,675,000	7,714,975	14,389,975	1,508,839	3,246,033	4,754,872
2028	7,000,000	7,376,750	14,376,750	1,573,325	3,179,547	4,752,872
2029	7,350,000	7,018,000	14,368,000	1,644,182	3,110,190	4,754,372
2030-2034	42,635,000	29,050,125	71,685,125	15,904,068	13,886,486	29,790,554
2035-2039	54,420,000	16,975,000	71,395,000	9,073,463	11,485,707	20,559,170
2040-2044	39,630,000	3,036,750	42,666,750	10,940,539	9,598,481	20,539,020
Thereafter	-	-	-	35,957,179	17,677,554	53,634,733
Total	\$ 170,125,000	\$ 87,552,725	\$ 257,677,725	\$ 79,416,030	\$ 68,863,308	\$ 148,279,338

Note 11 - Leases

The School District leases copiers from a third party. Payments are generally fixed annually.

Lease asset activity of the School District is included in Note 10.

Note 11 - Leases (Continued)

Future principal and interest payment requirements related to the School District’s and component units lease liabilities at June 30, 2024 are as follows:

Years Ending	Governmental Activities - Principal	Governmental Activities - Interest	Component Units - Principal	Component Units - Interest
2025	\$ 29,659	\$ 1,483	\$ 232,221	\$ 34,449
2026	-	-	243,675	22,995
2027	-	-	162,380	10,977
2028	-	-	57,272	2,864
Total	<u>\$ 29,659</u>	<u>\$ 1,483</u>	<u>\$ 695,548</u>	<u>\$ 71,285</u>

Note 12 - Risk Management

Colorado School Districts Self-insurance Pool

The School District belongs to the Colorado School Districts Self-insurance Pool (CDSIP) that was formed in 1981 to give individual districts more buying power and financial stability. By partnering with districts across the state, members gain better access to essential coverage at a competitive price and more control over the entire risk management function. The coverage provided by CDSIP is property, crime, general liability, auto liability and physical damage, and errors and omissions. The board of directors is composed of seven persons who are district school board members, superintendents, or district business officials. CDSIP became self-administered in May 1997 and currently has 11 employees. Settled claims resulting from these risks have not exceeded commercial insurance coverage or the deductible in any of the past three fiscal years. There has been no significant reduction in insurance coverage from the prior year in any of the major risk categories.

Each member’s premium contribution is determined by CDSIP based on factors including, but not limited to, aggregate CDSIP claims, the cost of administrative and other operating expenses, the number of participants, operating and reserve fund adequacy, investment income, and reinsurance expense and profit sharing. Reporting to the Division of Insurance, as well as an audit and actuary study, is conducted annually. These reports may be obtained by contacting the CDSIP’s administrative offices at 6857 South Spruce Street, Centennial, CO 80112.

The School District maintains the following insurance coverage: Catastrophic coverage in the amount of \$581,330,461 for buildings and contents, which carries a \$5,000 deductible and workers’ compensation coverage providing \$100,000 coverage for each accident, \$100,000 coverage for each employee. All losses within the deductible limits are paid for by the General Fund.

There were no significant changes in insurance coverage from the prior year.

Note 13 - Defined Benefit Pension Plan

General Information about the Pension Plan

Plan Description

Eligible employees of the School District and component units 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 Code of Colorado Regulations (C.C.R.) 1502-1, and applicable provisions of the federal Internal Revenue Code. Colorado state law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available Annual Comprehensive Financial Report (ACFR) that can be obtained at www.copera.org/investments/pera-financial-reports.

Note 13 - Defined Benefit Pension Plan (Continued)

Benefits Provided as of December 31, 2023

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

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

- Highest average salary multiplied by 2.5 percent 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 annuitized into a monthly benefit based on life expectancy and other actuarial factors.

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

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

In all cases, the service retirement benefit is limited to 100 percent of 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 postretirement cost of living adjustments, referred to as annual increases in the C.R.S. Subject to the automatic adjustment provision (AAP) under C.R.S. § 24-51-413, eligible benefit recipients under the PERA benefit structure who began membership before January 1, 2007 and all eligible benefit recipients of the DPS benefit structure will receive the maximum annual increase (AI) or AI cap of 1.00 percent 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 percent 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 percent 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 percent based on the parameters specified in C.R.S. § 24-51-413.

Disability benefits are available for eligible employees once they reach 5 years of earned service credit and are determined to meet the definition of disability. The disability benefit amount is based on the lifetime retirement benefit formulas shown above considering a minimum 20 years of service credit, if deemed disabled.

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

Note 13 - Defined Benefit Pension Plan (Continued)

Contributions Provisions as of June 30, 2024

Eligible employees of the School District 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 percent of their PERA-includable salary during the period of July 1, 2023 through June 30, 2024. Employer contribution requirements are summarized in the table below:

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
	<hr/>
Total employer contribution rate to the SCHDTF	<u>20.38 %</u>

*Contribution rates for the SCHDTF are expressed as a percentage of salary, as defined in C.R.S. § 2451101(42).

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the School District and charter schools is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from the School District and component units were \$14,532,995 and \$5,542,797, respectively, for the year ended June 30, 2024.

For the purpose 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. § 2451414, the State is required to contribute \$225 million direct distribution each year to PERA starting on July 1, 2018. A portion of the direct distribution payment is allocated to the SCHDTF based on the proportionate amount of annual payroll of the SCHDTF to the total annual payroll of the SCHDTF, State Division Trust Fund, Judicial Division Trust Fund, and Denver Public Schools Division Trust Fund. The direct distribution from the state was suspended in 2020. To compensate to PERA for the suspension, C.R.S §§ 24-51-414 (6-8) required restorative payments, providing an accelerated payment in 2022. In 2022, the state treasurer issued payment for the direct distribution of \$225 million plus an additional amount of \$380 million. Due to the advanced payment made in 2022, the State reduced the distribution in 2023 to \$35 million. Additionally, the newly added C.R.S § 24-51-414(9) provided compensatory payment of \$14.561 million for 2023 only.

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

The net pension liability for the SCHDTF was measured as of December 31, 2023, and the total pension liability (TPL) used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2022. Standard update procedures were used to roll forward the TPL to December 31, 2023.

The School District and component units' proportion of the net pension liability was based on the School District's and component units' contributions to the SCHDTF for the calendar year 2023 relative to the total contributions of participating employers and the State as a nonemployer contribution entity.

Note 13 - Defined Benefit Pension Plan (Continued)

At June 30, 2024, the School District and component units reported a liability 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 School District and component units 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 School District and component units were as follows:

	Primary Government	Component Units
School District's proportionate share of the net pension liability	\$ 190,746,462	\$ 68,018,285
The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the School District	4,182,504	1,491,439
Total	<u>\$ 194,928,966</u>	<u>\$ 69,509,724</u>

At December 31, 2023, the School District's proportion was 1.07867 percent, which was an increase of 0.2035 percent (23.25 percent change) from its proportion measured as of December 31, 2022.

For the year ended June 30, 2024, the School District and component units recognized pension expense of \$1,567,733 and \$3,960,532, respectively, and revenue of \$318,665 and \$139,607, respectively, for support from the State as a nonemployer contributing entity. At June 30, 2024, the School District and component units reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Primary Government		Component Units	
	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources
Difference between expected and actual experience	\$ 9,044,994	\$ -	\$ 3,225,354	\$ -
Net difference between projected and actual earnings on pension plan investments	13,673,551	-	4,875,853	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	21,737,434	11,024,140	9,973,806	1,729,325
Contributions subsequent to the measurement date	7,728,556	-	2,783,314	-
Total	<u>\$ 52,184,535</u>	<u>\$ 11,024,140</u>	<u>\$ 20,858,327</u>	<u>\$ 1,729,325</u>

The \$7,728,556 and \$2,783,314 reported at the School District and component units, respectively, 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 ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ending June 30	Primary Government	Component Units
2025	\$ 4,155,764	\$ 4,203,758
2026	10,120,946	7,511,792
2027	19,888,988	5,959,656
2028	(733,859)	(1,329,518)

June 30, 2024

Note 13 - Defined Benefit Pension Plan (Continued)

Actuarial Assumptions

The TPL in the December 31, 2022 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions, and other inputs:

Actuarial cost method	Entry age
Price inflation	2.30%
Real wage growth	0.70%
Wage inflation	3.00%
Salary increases, including wage inflation	3.40%-11.00%
Long term investment rate of return - Net of pension plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Postretirement benefit increases:	
PERA benefit structure hired prior to January 1, 2007 and DPS benefit structure (compounded annually)	1.00%
PERA benefit structure hired after December 31, 2006*	Financed by the AIR

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

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

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

Postretirement nondisabled mortality assumptions were based upon the PubT-2010 Healthy Retiree Table, adjusted as follows:

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

Postretirement nondisabled beneficiary mortality assumptions were based upon the Pub-2010 Contingent Survivor Table, adjusted as follows:

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

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

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

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

Note 13 - Defined Benefit Pension Plan (Continued)

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

Asset Class	Target Allocation	30-Year Expected Geometric Real Rate of Return
Global equity	54.00 %	5.60 %
Fixed income	23.00	1.30
Private equity	8.50	7.10
Real estate	8.50	4.40
Alternatives	6.00	4.70
Total	100.00 %	

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

Discount Rate

The discount rate used to measure the TPL was 7.25 percent. 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 percent.
- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the scheduled increases in Senate Bill (SB) 18-200 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, 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 percent, at which point the AED and SAED will each drop by 0.50 percent 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.

Note 13 - Defined Benefit Pension Plan (Continued)

- As specified in law, the State, as a nonemployer contributing entity, will provide an annual direct distribution of \$225 million (actual dollars), commencing on July 1, 2018, that is proportioned between the State, School, Judicial, and DPS Division Trust Funds based upon the covered payroll of each division. The annual direct distribution ceases when all Division Trust Funds are fully funded.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial FNP, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the FNP and the subsequent AIR benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the middle of the year.
- Beginning with the December 31, 2023 measurement date and thereafter, the FNP as of the current measurement date is used as a starting point for the GASB 67 projection test.

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

Sensitivity of the School 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 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.25 percent) or 1 percentage point higher (8.25 percent) than the current rate:

	1 Percentage Point Decrease (6.25%)	Current Discount Rate (7.25%)	1 Percentage Point Increase (8.25%)
Proportionate share of the net pension liability - Primary government	\$ 255,059,752	\$ 190,746,462	\$ 137,116,963
Proportionate share of the net pension liability - Component units	90,951,762	68,018,285	48,894,541

Pension Plan Fiduciary Net Position

Detailed information about the SCHDTF’s FNP is available in PERA’s ACFR, which can be obtained at www.copera.org/investments/pera-financial-reports.

Note 14 - Defined Benefit Other Postemployment Benefits Plan

General Information about the OPEB Plan

Plan Description

Eligible employees of the School District and component units 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, as amended, and sets forth a framework that grants authority to the PERA board to contract, self-insure, and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of the premium subsidies. Colorado state law provisions may be amended by the Colorado General Assembly. PERA issues a publicly available Annual Comprehensive Financial Report that can be obtained at www.copera.org/investments/pera-financial-reports.

Benefits Provided

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

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

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

PERA Benefit Structure

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

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

Note 14 - Defined Benefit Other Postemployment Benefits Plan (Continued)

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

Contributions

Pursuant to Title 24, Article 51, Section 208(1) (f) of the C.R.S., as amended, certain contributions are apportioned to the HCTF. PERA-affiliated employers of the State, School, Local Government, and Judicial Divisions are required to contribute at a rate of 1.02 percent 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 School District and component units are statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the School District and component units were \$768,952 and \$277,408, respectively, for the year ended June 30, 2024.

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

At June 30, 2024, the School District and component units reported a liability of \$4,605,895 and \$1,642,369, respectively, for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2023, and the total OPEB liability (TOL) used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2022. Standard update procedures were used to roll forward the TOL to December 31, 2023. The School District and component units' proportion of the net OPEB liability was based on the School District and component units' contributions to the HCTF for the calendar year 2023 relative to the total contributions of participating employers to the HCTF.

At December 31, 2023, the School District's proportion was 0.6453 percent, which was a decrease of 0.01960 percent from its proportion measured as of December 31, 2022.

For the year ended June 30, 2024, the School District and component units recognized OPEB cost recovery of \$970,323 and \$270,767, respectively. At June 30, 2024, the School District and component units reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Primary Government		Component Units	
	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources
Difference between expected and actual experience	\$ -	\$ 944,023	\$ -	\$ 336,619
Changes in assumptions or other inputs	54,101	488,380	19,313	174,146
Net difference between projected and actual earnings on pension plan investments	142,450	-	50,795	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	31,080	276,948	314,004	146,274
Contributions subsequent to the measurement date	382,460	-	139,301	-
Total	\$ 610,091	\$ 1,709,351	\$ 523,413	\$ 657,039

June 30, 2024

Note 14 - Defined Benefit Other Postemployment Benefits Plan (Continued)

The \$382,460 and \$139,301, within the School District and component units, respectively, 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 ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Years Ending June 30	Primary Government	Component Units
2025	\$ (560,702)	\$ (144,502)
2026	(343,656)	(56,426)
2027	(176,640)	(6,915)
2028	(247,398)	(64,813)
2029	(92,320)	(2,052)
Thereafter	(60,942)	1,781

Actuarial Assumptions

The TOL in the December 31, 2022 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions, and other inputs:

	Local Government Division
Actuarial cost method	Entry age
Price inflation	2.30%
Real wage growth	0.70%
Wage inflation	3.00%
Salary increases, including wage inflation - Members other than safety officers	3.40%-11.00%
Long-term investment rate of return - Net of OPEB 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 (1)	7.00% in 2023 gradually decreasing to 4.50% in 2033
Medicare Part A premiums	3.50% gradually increasing to 4.50% in 2035

(1) UnitedHealthcare MAPD PPO plans are 0 percent for 2023.

June 30, 2024

Note 14 - Defined Benefit Other Postemployment Benefits Plan (Continued)

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

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

Sample Age	MAPD PPO #1 with Medicare Part A Retiree/Spouse		MAPD PPO #2 with Medicare Part A Retiree/Spouse		MAPD HMO (Kaiser) with Medicare Part A Retiree/Spouse	
	Male	Female	Male	Female	Male	Female
65	\$ 1,692	\$ 1,406	\$ 583	\$ 481	\$ 1,913	\$ 1,589
70	1,901	1,573	650	538	2,149	1,778
75	2,100	1,653	718	566	2,374	1,869

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

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

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

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

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

Note 14 - Defined Benefit Other Postemployment Benefits Plan (Continued)

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

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

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

Preretirement mortality assumptions for the State and Local Government Divisions (members other than safety officers) were based upon the PubG-2010 Employee Table, with generational projection using scale MP-2019.

Preretirement mortality assumptions for safety officers were based upon the PubS-2010 Employee Table, with generational projection using scale MP-2019.

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

Preretirement mortality assumptions for the Judicial Division were based upon the PubG-2010(A) Above-Median Employee Table, with generational projection using scale MP-2019.

Postretirement nondisabled mortality assumptions for the State and Local Government Divisions (members other than safety officers) were based upon the PubG-2010 Healthy Retiree Table, adjusted as follows:

- Males: 94 percent of the rates prior to age 80 and 90 percent of the rates for ages 80 and older, with generational projection using scale MP-2019
- Females: 87 percent of the rates prior to age 80 and 107 percent of the rates for ages 80 and older, with generational projection using scale MP-2019

Postretirement nondisabled mortality assumptions for safety officers were based upon the unadjusted PubS-2010 Healthy Retiree Table, with generational projection using scale MP-2019.

Postretirement nondisabled mortality assumptions for the School Division were based upon the PubT-2010 Healthy Retiree Table, adjusted as follows:

- Males: 112 percent of the rates prior to age 80 and 94 percent of the rates for ages 80 and older, with generational projection using scale MP-2019

June 30, 2024

Note 14 - Defined Benefit Other Postemployment Benefits Plan (Continued)

- Females: 83 percent of the rates prior to age 80 and 106 percent of the rates for ages 80 and older, with generational projection using scale MP-2019

Postretirement nondisabled mortality assumptions for the Judicial Division were based upon the unadjusted PubG-2010(A) Above-Median Healthy Retiree Table, with generational projection using scale MP-2019.

Postretirement nondisabled beneficiary mortality assumptions were based upon the Pub-2010 Contingent Survivor Table, adjusted as follows:

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

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

Disabled mortality assumptions for safety officers were based upon the unadjusted PubS-2010 Disabled Retiree Table, with generational projection using scale MP-2019.

The following health care costs assumptions were updated and used in the rollforward calculation for the trust fund:

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

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

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

The long-term expected return on plan assets is reviewed as part of regular experience studies performed every four to five years for PERA. Recently the assumption has been reviewed more frequently. The most recent analyses were outlined in the experience study report dated October 28, 2020.

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

June 30, 2024

Note 14 - Defined Benefit Other Postemployment Benefits Plan (Continued)

The PERA board first adopted the 7.25 percent 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 its November 15, 2019 meeting to be effective January 1, 2020. As of the most recent reaffirmation of the long-term rate of return, the target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the table as follows:

Asset Class	Target Allocation	30-Year Expected Geometric Real Rate of Return
Global equity	54.00 %	5.60 %
Fixed income	23.00	1.30
Private equity	8.50	7.10
Real estate	8.50	4.40
Alternatives	6.00	4.70
Total	100.00 %	

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

Sensitivity of the School District's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rates

The following presents the net OPEB liability using the current health care cost trend rates applicable to the PERA benefit structure, as well as if it were calculated using health care cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current rates:

	1 Percentage Point Decrease in Trend Rates	Current Trend Rates	1 Percentage Point Increase in Trend Rates
Initial PERACare Medicare trend rate	5.75%	6.75%	7.75%
Ultimate PERACare Medicare trend rate	3.50	4.50	5.50
Initial Medicare Part A trend rate	2.50	3.50	4.50
Ultimate Medicare Part A trend rate	3.50	4.50	5.50
Net OPEB liability - Primary government	\$5,440,140	\$4,605,895	\$3,892,198
Net OPEB liability - Component units	\$1,939,844	\$1,642,369	\$1,387,879

Discount Rate

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

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2023 measurement date
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00 percent.
- 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.

Note 14 - Defined Benefit Other Postemployment Benefits Plan (Continued)

- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- 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.
- Beginning with the December 31, 2023 measurement date and thereafter, the FNP as of the current measurement date is used as a starting point for the GASB 74 projection test.
- As of the December 31, 2023 measurement date, the FNP and related disclosure components for the HCTF reflect payments related to the disaffiliation of Tri-County Health Department as a PERA-affiliated employer, effective December 31, 2022. As of December 31, 2023, PERA recognized two additions for accounting and financial reporting purposes: a \$24 million payment received on December 4, 2023 and a \$2 million receivable. The employer disaffiliation payment and receivable allocations to the HCTF and Local Government Division Trust Fund were \$1.033 million and \$24.967 million, respectively.

Based on the above assumptions and methods, the FNP for the HCTF was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25 percent 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 percent. There was no change in the discount rate from the prior measurement date.

Sensitivity of the School District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

The following presents the proportionate share of the net OPEB liability calculated using the discount rate of 7.25 percent, as well as what the proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.25 percent) or 1 percentage point higher (8.25 percent) than the current rate:

	1 Percentage Point Decrease (6.25%)	Current Discount Rate (7.25%)	1 Percentage Point Increase (8.25%)
Proportionate share of the net OPEB liability - Primary government	\$ 5,440,140	\$ 4,605,895	\$ 3,892,198
Proportionate share of the net OPEB liability - Component units	1,939,844	1,642,369	1,387,879

OPEB Plan Fiduciary Net Position

Detailed information about the HCTF's FNP is available in PERA's ACFR, which can be obtained at www.copera.org/investments/pera-financial-reports.

Note 15 - Constitutional TABOR Amendment

In the November 1992 general election, Colorado voters approved an amendment to the Colorado Constitution commonly known as TABOR. This amendment limits the ability of the state and local governments, such as the School District, to increase revenue, debt, and spending. In addition, TABOR requires that the state and local governments obtain voter approval to create any multiple fiscal year direct or indirect debt or other financial obligations without adequate present cash reserves pledged irrevocably and held for payments in all future fiscal years.

In the November 1998 general election, the School District’s electorate authorized the School District to collect, retain, and expend all revenue and other funds collected during fiscal year 1999 and each subsequent year from any source, notwithstanding the TABOR limitations. The School District remains subject to TABOR with respect to general mill levy increase restrictions and to the issuance of any new debt without taxpayers’ approval. The TABOR amendment is subject to many interpretations, but the School District believes it is in compliance. TABOR requires that an emergency reserve be established. Net position and fund balances of \$4,900,000 have been restricted for this emergency reserve at June 30, 2024.

Note 16 - Contingent Liabilities

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the School District expects such amounts, if any, to be immaterial.

The School District is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the School District’s counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the School District.

Note 17 - Subsequent Events

In November 2024, voters passed a ballot measure to increase Harrison School District No. 2 taxes by \$9 million annually, including annual inflation increases, commencing on January 1, 2025, and expiring on December 31, 2034. These funds represent an increase on the previously projected revenue and will be used to fund educational needs, subject to an annual review of expenditures by a citizen oversight committee.

Required Supplementary Information

El Paso County School District No. 2 - Harrison

Required Supplementary Information
Budgetary Comparison Schedule
General Fund

Year Ended June 30, 2024

	Original and Final Budget	Actual	Over (Under) Budget
Revenue			
Local sources	\$ 26,033,680	\$ 29,317,655	\$ 3,283,975
State sources	90,329,598	89,745,273	(584,325)
Federal sources	141,728	2,092,835	1,951,107
Total revenue	116,505,006	121,155,763	4,650,757
Expenditures			
Current:			
Instruction	64,828,891	60,029,934	(4,798,957)
Support services	53,491,816	53,521,617	29,801
Athletics	105,415	197,145	91,730
Community services	10,104	64,045	53,941
Debt service:			
Principal	-	117,223	117,223
Interest	-	87,271	87,271
Capital outlay	1,573,000	1,177,845	(395,155)
Total expenditures	120,009,226	115,195,080	(4,814,146)
Excess of Revenue (Under) Over Expenditures	(3,504,220)	5,960,683	9,464,903
Other Financing Uses - Transfers out	(2,327,275)	(2,327,275)	-
Net Change in Fund Balance	(5,831,495)	3,633,408	9,464,903
Fund Balance - Beginning of year	33,935,363	33,935,363	-
Fund Balance - End of year	\$ 28,103,868	\$ 37,568,771	\$ 9,464,903

El Paso County School District No. 2 - Harrison

Required Supplementary Information
Budgetary Comparison Schedule - Major Fund
Designated Purpose Grants Fund

Year Ended June 30, 2024

	Original and Final Budget	Actual	Over (Under) Budget
Revenue			
Local sources	\$ 160,000	\$ 164,852	\$ 4,852
State sources	2,472,000	6,737,832	4,265,832
Federal sources	24,350,000	21,455,540	(2,894,460)
Total revenue	26,982,000	28,358,224	1,376,224
Expenditures	26,982,000	28,358,224	1,376,224
Net Change in Fund Balance	-	-	-
Fund Balance - Beginning of year	-	-	-
Fund Balance - End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

El Paso County School District No. 2 - Harrison

Required Supplementary Information Schedule of the School District's Proportionate Share of the Net Pension Liability Colorado Public Employees' Retirement Association

	Last Ten Plan Years									
	Plan Years Ended December 31									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
School District's proportion of the net pension liability	1.07867 %	0.87520 %	1.01939 %	1.15786 %	1.04927 %	1.03427 %	1.18118 %	1.22658 %	1.23766 %	1.23381 %
School District's proportionate share of the net pension liability	\$ 190,746,462	\$ 159,369,700	\$ 118,630,241	\$ 175,046,053	\$ 156,758,092	\$ 183,139,508	\$ 381,954,706	\$ 365,201,189	\$ 189,291,071	\$ 212,493,303
State's proportionate share of the net pension liability with the School District	4,182,504	46,441,932	13,599,442	-	19,882,770	25,041,784	-	-	-	-
Total	\$ 194,928,966	\$ 205,811,632	\$ 132,229,683	\$ 175,046,053	\$ 176,640,862	\$ 208,181,292	\$ 381,954,706	\$ 365,201,189	\$ 189,291,071	\$ 212,493,303
School District's covered-employee payroll	\$ 71,245,465	\$ 68,977,892	\$ 65,778,928	\$ 60,671,396	\$ 63,064,013	\$ 59,277,508	\$ 55,097,353	\$ 54,509,582	\$ 55,107,136	\$ 50,726,760
School District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	273.60 %	305.38 %	201.02 %	288.51 %	280.10 %	351.20 %	693.24 %	669.98 %	343.50 %	418.90 %
Plan fiduciary net position as a percentage of total pension liability	64.70 %	61.80 %	74.90 %	67.00 %	64.50 %	57.00 %	44.00 %	43.10 %	59.20 %	62.80 %

A direct distribution provision to allocate funds from the State of Colorado budget to Colorado PERA on an annual basis began in July 2018 based on Senate Bill 18-200. This distribution was suspended for fiscal year 2021 per House Bill 20-1379.

El Paso County School District No. 2 - Harrison

Required Supplementary Information Schedule of Pension Contributions Colorado Public Employees' Retirement Association

	Last Ten Fiscal Years									
	Years Ended June 30									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily required contribution	\$ 14,532,995	\$ 13,590,119	\$ 13,079,851	\$ 12,061,474	\$ 12,221,806	\$ 11,339,787	\$ 10,402,380	\$ 10,018,861	\$ 9,770,495	\$ 8,565,677
Contributions in relation to the statutorily required contribution	14,532,995	13,590,119	13,079,851	12,061,474	12,221,806	11,339,787	10,402,380	10,018,861	9,770,495	8,565,677
Contribution Excess	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
School District's Covered-employee Payroll	\$ 75,387,457	\$ 67,395,391	\$ 65,778,928	\$ 60,671,396	\$ 63,064,013	\$ 59,277,508	\$ 55,097,353	\$ 54,509,582	\$ 53,936,857	\$ 51,687,955
Contributions as a Percentage of Covered-employee Payroll	19.28 %	20.17 %	19.88 %	19.88 %	19.38 %	19.13 %	18.88 %	18.38 %	18.11 %	16.57 %

El Paso County School District No. 2 - Harrison

Required Supplementary Information Schedule of the School District's Proportionate Share of the Net OPEB Liability Colorado Public Employees' Retirement Association

	Last Eight Plan Years							
	Plan Years Ended December 31							
	2023	2022	2021	2020	2019	2018	2017	2016
School District's proportion of the net OPEB liability	0.64533 %	0.66493 %	0.66557 %	0.66949 %	0.68565 %	0.67229 %	0.67115 %	0.69720 %
School District's proportionate share of the net OPEB liability	\$ 4,605,895	\$ 5,428,980	\$ 5,739,252	\$ 6,360,896	\$ 7,706,724	\$ 9,146,741	\$ 8,722,231	\$ 9,039,492
School District's covered payroll	\$ 71,245,465	\$ 67,395,391	\$ 65,778,928	\$ 60,671,396	\$ 63,064,013	\$ 59,277,508	\$ 55,097,353	\$ 54,509,582
School District's proportionate share of the net OPEB liability as a percentage of its covered payroll	6.46 %	6.68 %	8.73 %	10.48 %	12.22 %	15.43 %	15.83 %	16.58 %
Plan fiduciary net position as a percentage of total OPEB liability	46.16 %	38.57 %	39.40 %	32.80 %	24.50 %	17.00 %	17.50 %	16.70 %

This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend is compiled, information will be presented for the years available.

El Paso County School District No. 2 - Harrison

Required Supplementary Information Schedule of OPEB Contributions Colorado Public Employees' Retirement Association

	Last Eight Fiscal Years Years Ended June 30							
	2024	2023	2022	2021	2020	2019	2018	2017
Statutorily required contribution	\$ 768,952	\$ 687,433	\$ 670,929	\$ 618,516	\$ 643,252	\$ 604,633	\$ 562,643	\$ 556,084
Contributions in relation to the statutorily required contribution	768,952	687,433	670,929	618,516	643,252	604,633	562,643	556,084
Contribution Excess	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
School District's Covered Payroll	\$ 75,387,457	\$ 67,395,391	\$ 63,707,367	\$ 61,903,371	\$ 61,651,044	\$ 56,859,613	\$ 54,486,876	\$ 55,051,241
Contributions as a Percentage of Covered Payroll	1.02 %	1.02 %	1.02 %	1.02 %	1.02 %	1.02 %	1.02 %	1.02 %

This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend is compiled, information will be presented for the years available.

El Paso County School District No. 2 - Harrison

Notes to Required Supplementary Information

June 30, 2024

Pension Information

Changes in Plan Provisions

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 on 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 8 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.

Benefit Changes

There were no significant changes in 2023.

Changes in Assumptions

There was no significant changes of assumptions for the reported plan years ended December 31, 2023 or 2022.

Changes in assumptions or other inputs effective for the December 31, 2021 measurement period are as follows:

- The projected benefit payments reflect the lowered annual increase cap from 1.25 percent to 1.00 percent, resulting from the 2020 AAP assessment, effective July 1, 2022.
- Assumptions on employer and employee contributions were updated to include the additional 0.50 percent resulting from the 2020 AAP assessment, effective July 1, 2022.

Changes in assumptions or other inputs effective for the December 31, 2020 measurement period are as follows:

- The price inflation assumption was lowered from 2.40 percent to 2.30 percent, and the wage inflation assumption was lowered from 3.50 percent to 3.00 percent.
- The real rate of investment return assumption was increased to 4.95 percent per year, net of investment expenses, from 4.85 percent per year, net of investment expenses.

Salary scale assumptions were revised to align with the 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 preretirement mortality assumption for the State Division (members other than state troopers) was changed to the PubG-2010 Employee Table, with generational projection using scale MP-2019.

The preretirement mortality assumption for the Judicial Division was changed to the PubG-2010(A) Above Median Employee Table, with generational projection using scale MP-2019.

The postretirement nondisabled mortality assumption for the State Division (members other than state troopers) was changed to the PubG-2010 Health Retiree Table, adjusted as follows:

- Males: 94 percent of the rates prior to age 80 and 90 percent of the rates for ages 80 and older, with generational projection using scale MP-2019
- Females: 87 percent of the rates prior to age 80 and 107 percent of the rates for ages 80 and older, with generational projection using scale MP-2019

El Paso County School District No. 2 - Harrison

Notes to Required Supplementary Information

June 30, 2024

The postretirement nondisabled mortality assumption for state troopers was changed to the unadjusted PubS-2010 Healthy Retiree Table, with generational projection using scale MP-2019.

The disabled mortality assumptions for the Division Trust Funds (members other than state troopers) was changed to the PubNS-2010 Disabled Retiree Table, with generational projection using scale MP-2019.

The disability mortality assumption for State Troopers was changed to the unadjusted PubS-2010 Disabled Retiree Table, with generational projection using scale MP-2019.

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

Changes in assumptions or other inputs effective for the December 31, 2019 measurement period are as follows:

- The assumption used to value the annual increase (AI) cap benefit provision was changed from 1.50 percent to 1.25 percent.

Changes in assumptions or other inputs effective for the December 31, 2018 measurement period are as follows:

- The assumed investment rate of return of 7.25 percent was used as the discount rate, rather than using the blended rate of 4.72 percent.

Changes in assumptions or other inputs effective for the December 31, 2017 measurement period are as follows:

- The discount rate was lowered from 5.26 percent to 4.72 percent.

Changes in assumptions or other inputs effective for the December 31, 2016 measurement period are as follows:

- The investment return assumption was lowered from 7.50 percent to 7.25 percent.
- The price inflation assumption was lowered from 2.80 percent to 2.40 percent.
- The real rate of investment return assumption increased from 4.70 percent per year, net of investment expenses, to 4.85 percent per year, net of investment expenses.
- The wage inflation assumption was lowered from 3.90 percent to 3.50 percent.
- The mortality tables were changed from RP-2000 Combined Mortality Table for Males and Females, as appropriate, with adjustments for mortality improvements based on a projection scale of Scale AA to 2020 to RP-2014 White Collar Employee Mortality for active employees, RP-2014 Healthy Annuitant Mortality tables projected to 2020 using the MP-2015 projection scales for retirees, or RP-2014 Disabled Retiree Mortality Table for disabled retirees.
- The discount rate was lowered from 7.50 percent to 5.26 percent.

There were no changes in terms or assumptions for the December 31, 2015 measurement period for pension compared to the prior year.

There were no changes in terms or assumptions for the December 31, 2014 measurement period for pension compared to the prior year.

Changes in assumptions or other inputs effective for the December 31, 2013 measurement period are as follows:

- The investment return assumption was lowered from 8.00 percent to 7.50 percent.
- The price inflation assumption was lowered from 3.50 percent to 2.80 percent.
- The wage inflation assumption was lowered from 4.25 percent to 3.90 percent.

El Paso County School District No. 2 - Harrison

Notes to Required Supplementary Information

June 30, 2024

OPEB Information

Changes in Plan Provisions

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 December 31, 2023, PERA recognized two additions for accounting and financial reporting purposes: a \$24 million payment received on December 4, 2023, and a \$2 million receivable. The employer disaffiliation payment and receivable allocations to the HCTF and Local Government Division Trust Fund were \$1.033 million and \$24.967 million, respectively.

Benefit Changes

There were no changes of benefit terms in 2023.

Changes in Assumptions

There were no significant changes of assumptions for the reported plan year ended December 31, 2023.

Changes in assumptions or other inputs effective for the December 31, 2022 measurement period are as follows:

- The timing of the retirement decrement was adjusted to middle of year.
- There were no significant changes of assumptions for each of the reported plan years ended December 31, 2021.

Changes in assumptions or other inputs effective for the December 31, 2020 measurement period are as follows:

- The price inflation assumption was lowered from 2.40 percent to 2.30 percent, and the wage inflation assumption was lowered from 3.50 percent to 3.00 percent.
- The real rate of investment return assumption was increased to 4.95 percent per year, net of investment expenses, from 4.85 percent per year, net of investment expenses.
- Salary scale assumptions were revised to align with the 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 preretirement mortality assumption for the State Division (members other than state troopers) was changed to the PubG-2010 Employee Table, with generational projection using scale MP-2019.

The preretirement mortality assumption for the Judicial Division was changed to the PubG-2010(A) Above Median Employee Table, with generational projection using scale MP-2019.

The postretirement nondisabled mortality assumption for the State Division (members other than state troopers) was changed to the PubG-2010 Health Retiree Table, adjusted as follows:

- Males: 94 percent of the rates prior to age 80 and 90 percent of the rates for ages 80 and older, with generational projection using scale MP-2019
- Females: 87 percent of the rates prior to age 80 and 107 percent of the rates for ages 80 and older, with generational projection using scale MP-2019

The postretirement nondisabled mortality assumption for the state troopers was changed to the unadjusted PubS-2010 Healthy Retiree Table, with generational projection using scale MP-2019.

El Paso County School District No. 2 - Harrison

Notes to Required Supplementary Information

June 30, 2024

The postretirement nondisabled mortality assumption for the Judicial Division was changed to the unadjusted PubG-2010(A) Above-Median Healthy Retiree Table, with generational projection using scale MP-2019.

The postretirement nondisability beneficiary mortality assumption for the Division Trust Funds was changed to the Pub-2010 Contingent Survivor Table, adjusted as follows:

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

The disabled mortality assumption for the Division Trust Funds (members other than state troopers) was changed to the PubNS-2010 Disabled Retiree Table, with generational projection using scale MP-2019.

The disabled mortality assumption for state troopers was changed to the unadjusted PubS-2010 Disabled Retiree Table, with generational projection using scale MP-2019.

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

There were no changes in assumptions or other inputs effective for the December 31, 2019 measurement period for OPEB.

There were no changes in assumptions or other inputs effective for the December 31, 2018 measurement period for OPEB compared to the prior year.

There were no changes in assumptions or other inputs effective for the December 31, 2017 measurement period for OPEB.

Supplementary Information

El Paso County School District No. 2 - Harrison

**Supplementary Information
Combining Balance Sheet
Nonmajor Governmental Funds**

June 30, 2024

	Special Revenue Funds			Capital Project Funds		Total
	Nutrition Service Fund	Pupil Activity Fund	Title I Fund	Capital Reserve Fund	Land Acquisition Fund	
Assets						
Cash and investments	\$ 4,156,559	\$ 464,032	\$ -	\$ 3,539,500	\$ 471,510	\$ 8,631,601
Receivables	63,119	-	2,013,314	-	-	2,076,433
Due from other funds	-	-	-	-	19,645	19,645
Inventory	94,524	-	-	-	-	94,524
Restricted assets	-	-	2,060,340	-	-	2,060,340
Total assets	\$ 4,314,202	\$ 464,032	\$ 4,073,654	\$ 3,539,500	\$ 491,155	\$ 12,882,543
Liabilities						
Accounts payable	\$ 47,680	\$ 1,862	\$ 82,886	\$ 147,067	\$ -	\$ 279,495
Due to other funds	323,061	-	3,689,813	1,240,965	-	5,253,839
Accrued liabilities and other	298,715	-	300,955	-	-	599,670
Unearned revenue	9,309	-	-	-	-	9,309
Total liabilities	678,765	1,862	4,073,654	1,388,032	-	6,142,313
Fund Balances						
Nonspendable - Inventory	94,524	-	-	-	-	94,524
Restricted - Food service	3,540,913	-	-	-	-	3,540,913
Committed:						
Capital projects	-	-	-	2,151,468	491,155	2,642,623
Pupil activities	-	462,170	-	-	-	462,170
Total fund balances	3,635,437	462,170	-	2,151,468	491,155	6,740,230
Total liabilities and fund balances	\$ 4,314,202	\$ 464,032	\$ 4,073,654	\$ 3,539,500	\$ 491,155	\$ 12,882,543

El Paso County School District No. 2 - Harrison

Supplementary Information
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds

Year Ended June 30, 2024

	Special Revenue Funds			Capital Project Funds		Total
	Nutrition Service Fund	Pupil Activity Fund	Title I Fund	Capital Reserve Fund	Land Acquisition Fund	
Revenue						
Local sources	\$ 256,789	\$ 447,452	\$ -	\$ 155,933	\$ 247,138	\$ 1,107,312
State sources	1,059,344	-	-	-	-	1,059,344
Federal sources	4,751,331	-	4,173,389	-	-	8,924,720
Total revenue	6,067,464	447,452	4,173,389	155,933	247,138	11,091,376
Expenditures						
Current:						
Instruction	-	456,284	2,594,641	-	-	3,050,925
Support services	-	-	1,364,816	1,098,006	63	2,462,885
Food services	6,059,214	-	-	-	-	6,059,214
Community services	-	-	133,672	-	-	133,672
Capital outlay	181,244	-	80,260	585,847	238,582	1,085,933
Total expenditures	6,240,458	456,284	4,173,389	1,683,853	238,645	12,792,629
Excess of Revenue (Under) Over Expenditures	(172,994)	(8,832)	-	(1,527,920)	8,493	(1,701,253)
Other Financing Sources - Transfer in	-	-	-	2,327,275	-	2,327,275
Net Change in Fund Balances	(172,994)	(8,832)	-	799,355	8,493	626,022
Fund Balances - Beginning of year	3,808,431	471,002	-	1,352,113	482,662	6,114,208
Fund Balances - End of year	\$ 3,635,437	\$ 462,170	\$ -	\$ 2,151,468	\$ 491,155	\$ 6,740,230

El Paso County School District No. 2 - Harrison

Supplementary Information
Budgetary Comparison Schedule - Nonmajor Governmental Funds
Nutrition Service Fund

Year Ended June 30, 2024

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>(Under) Over Budget</u>
Revenue			
Local sources	\$ 260,000	\$ 256,789	\$ (3,211)
State sources	-	1,059,344	1,059,344
Federal sources	<u>3,980,000</u>	<u>4,751,331</u>	<u>771,331</u>
Total revenue	4,240,000	6,067,464	1,827,464
Expenditures	<u>5,035,237</u>	<u>6,240,458</u>	<u>1,205,221</u>
Net Change in Fund Balance	(795,237)	(172,994)	622,243
Fund Balance - Beginning of year	<u>3,808,431</u>	<u>3,808,431</u>	-
Fund Balance - End of year	<u>\$ 3,013,194</u>	<u>\$ 3,635,437</u>	<u>\$ 622,243</u>

El Paso County School District No. 2 - Harrison

Supplementary Information
Budgetary Comparison Schedule - Nonmajor Governmental Funds
(Continued)
Pupil Activity Fund

Year Ended June 30, 2024

	Original and Final Budget	Actual	(Under) Over Budget
Revenue - Local sources	\$ 580,000	\$ 447,452	\$ (132,548)
Expenditures - Instruction	610,500	456,284	(154,216)
Net Change in Fund Balance	(30,500)	(8,832)	21,668
Fund Balance - Beginning of year	471,002	471,002	-
Fund Balance - End of year	<u>\$ 440,502</u>	<u>\$ 462,170</u>	<u>\$ 21,668</u>

El Paso County School District No. 2 - Harrison

Supplementary Information
Budgetary Comparison Schedule - Nonmajor Governmental Funds
(Continued)
Title I Fund

Year Ended June 30, 2024

	Original and Final Budget	Actual	Under Budget
Revenue - Federal sources	\$ 4,640,000	\$ 4,173,389	\$ (466,611)
Expenditures	4,640,000	4,173,389	(466,611)
Net Change in Fund Balance	-	-	-
Fund Balance - Beginning of year	-	-	-
Fund Balance - End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

El Paso County School District No. 2 - Harrison

Supplementary Information
Budgetary Comparison Schedule - Nonmajor Governmental Funds
(Continued)
Capital Reserve Fund

Year Ended June 30, 2024

	Original and Final Budget	Actual	Over (Under) Budget
Revenue - Local sources	\$ 106,000	\$ 155,933	\$ 49,933
Expenditures	<u>2,849,198</u>	<u>1,683,853</u>	<u>(1,165,345)</u>
Excess of Expenditures Over Revenue	(2,743,198)	(1,527,920)	1,215,278
Other Financing Sources - Transfers in	<u>2,327,275</u>	<u>2,327,275</u>	<u>-</u>
Net Change in Fund Balance	(415,923)	799,355	1,215,278
Fund Balance - Beginning of year	<u>1,352,113</u>	<u>1,352,113</u>	<u>-</u>
Fund Balance - End of year	<u><u>\$ 936,190</u></u>	<u><u>\$ 2,151,468</u></u>	<u><u>\$ 1,215,278</u></u>

El Paso County School District No. 2 - Harrison

Supplementary Information
Budgetary Comparison Schedule - Nonmajor Governmental Funds
(Continued)
Land Acquisition Fund

Year Ended June 30, 2024

	Original and Final Budget	Actual	Over (Under) Budget
Revenue - Local sources	\$ 97,000	\$ 247,138	\$ 150,138
Expenditures	465,000	238,645	(226,355)
Net Change in Fund Balance	(368,000)	8,493	376,493
Fund Balance - Beginning of year	482,662	482,662	-
Fund Balance - End of year	<u><u>\$ 114,662</u></u>	<u><u>\$ 491,155</u></u>	<u><u>\$ 376,493</u></u>

El Paso County School District No. 2 - Harrison

**Supplementary Information
Budgetary Comparison Schedule - Building Fund**

Year Ended June 30, 2024

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Over Budget</u>
Revenue - Local sources	\$ 447,100	\$ 1,176,611	\$ 729,511
Expenditures	<u>27,762,236</u>	<u>24,150,381</u>	<u>(3,611,855)</u>
Net Change in Fund Balance	(27,315,136)	(22,973,770)	4,341,366
Fund Balance - Beginning of year	<u>36,607,296</u>	<u>36,607,296</u>	<u>-</u>
Fund Balance - End of year	<u>\$ 9,292,160</u>	<u>\$ 13,633,526</u>	<u>\$ 4,341,366</u>

El Paso County School District No. 2 - Harrison

**Supplementary Information
Budgetary Comparison Schedule - Debt Service Fund**

Year Ended June 30, 2024

	Original and Final Budget	Actual	Over (Under) Budget
Revenue - Local sources	\$ 14,784,512	\$ 14,996,030	\$ 211,518
Expenditures			
Debt service:			
Principal	5,825,000	5,825,000	-
Interest - District court costs	8,610,225	8,634,581	24,356
Other debt costs	60,000	-	(60,000)
Total expenditures	14,495,225	14,459,581	(35,644)
Net Change in Fund Balance	289,287	536,449	247,162
Fund Balance - Beginning of year	11,043,623	11,043,623	-
Fund Balance - End of year	\$ 11,332,910	\$ 11,580,072	\$ 247,162



Colorado Department of Education
Auditors Integrity Report
 District: 0980 - Harrison 2
 Fiscal Year 2023-24
 Colorado School District/BOCES

Revenues, Expenditures, & Fund Balance by Fund

Fund Type & Number	Beg Fund Balance & Prior Per Adj (6880*)	1000 - 5999 Total Revenues & Other Sources	0001-0999 Total Expenditures & Other Uses	6700-6799 & Prior Per Adj (6880*) Ending Fund Balance
Governmental	+		-	=
10 General Fund	33,656,248	115,759,246	112,453,688	36,961,805
18 Risk Mgmt Sub-Fund of General Fund	186,822	2,044,524	2,215,760	15,586
19 Colorado Preschool Program Fund	92,290	1,024,721	525,629	591,381
Sub- Total	33,935,359	118,828,490	115,195,078	37,568,772
11 Charter School Fund	56,949,132	67,159,998	58,228,991	65,880,140
20,26-29 Special Revenue Fund	471,004	4,620,841	4,629,674	462,171
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	3,808,431	6,067,462	6,240,455	3,635,439
22 Govt Designated-Purpose Grants Fund	0	28,358,223	28,358,223	0
23 Pupil Activity Special Revenue Fund	0	0	0	0
25 Transportation Fund	0	0	0	0
31 Bond Redemption Fund	11,043,622	14,996,031	14,459,580	11,580,074
39 Certificate of Participation (COP) Debt Service Fund	0	0	0	0
41 Building Fund	37,089,959	1,423,749	24,389,026	14,124,682
42 Special Building Fund	0	0	0	0
43 Capital Reserve Capital Projects Fund	1,352,113	2,483,208	1,683,853	2,151,468
46 Supplemental Cap Const, Tech, Main Fund	0	0	0	0
Totals	144,649,621	243,938,003	253,184,878	135,402,746
Proprietary				
50 Other Enterprise Funds	0	0	0	0
64 (63) Risk-Related Activity Fund	0	0	0	0
60,65-69 Other Internal Service Funds	0	0	0	0
Totals	0	0	0	0
Fiduciary				
70 Other Trust and Agency Funds	0	0	0	0
72 Private Purpose Trust Fund	0	0	0	0
73 Agency Fund	0	0	0	0
74 Pupil Activity Agency Fund	0	0	0	0
79 GASB 34:Permanent Fund	0	0	0	0
85 Foundations	0	0	0	0
Totals	0	0	0	0

FINAL