Elizabeth School District
Elizabeth, Colorado

Financial Statements

June 30, 2022

HINKLE & COMPANY PC
Strategic Business Advisors

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HINKLE & COMPANY PC
Strategic Business Advisors

Independent Auditor's Report

Board of Education
Elizabeth School District
Elizabeth, Colorado

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate discretely presented component unit and remaining fund information of the Elizabeth School District (the District) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the basic financial statements of the District, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate discretely presented component unit and remaining fund information of the District as of June 30, 2022, and the respective changes in financial position and cash flows, where applicable, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (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 District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

The District's 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.

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In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for one year after the date that the financial statements are issued.

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 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, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information and the auditors integrity report listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information listed in the table of contents 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. Such 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 listed in the table of contents 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 8, 2022, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Hinkle & Company, PC

Englewood, Colorado
December 8, 2022

ELIZABETH SCHOOL DISTRICT
ELBERT COUNTY, COLORADO

MANAGEMENT'S DISCUSSION AND ANALYSIS
as of and for the fiscal year ended June 30, 2022

As management of the Elizabeth School District, Elbert County, Colorado (the District), we offer readers of the District's Audited Financial Statements this narrative and analysis of the financial activities of the District for the fiscal year ended June 30, 2022. We encourage readers to consider the information presented here in conjunction with the District's financial statements.

Financial Highlights

- Fund balance of the District's governmental funds decreased by $414,256, resulting in an ending balance of $4,593,223.
- The District's liabilities and deferred inflows of resources for governmental activities exceeded its assets and deferred outflows of resources at the close of the most recent fiscal year by ($8,222,324) (net position).
- The deficit in the District's total net position for the governmental activities decreased $7,901,334 or 49% in fiscal year 2022.
- Governmental activities has ($25,639,541) in unrestricted net position.
- The ending fund balance within the General Fund, as a percentage of expenditures, stood at 12.83%.

Overview of the Financial Statements

Management's discussion and analysis is intended to serve as an introduction to the District's basic financial statements. Comparison to the prior year's activity is provided in this document. The basic financial statements presented on pages 4-38 are comprised of three components: 1) Government-wide financial statements, 2) Fund financial statements, and 3) Notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements

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

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

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

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

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

The government-wide financial statements can be found on pages 4-5 of this report.

Fund Financial Statements

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

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

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

The District maintains five different governmental funds. The major fund is the General Fund, while the nonmajor funds are the Food Services Fund, Grants Fund, the Athletics Fund and the Student Activity Fund.

The basic governmental fund financial statements can be found on pages 6-9 of this report.

The District adopts an annual appropriated budget for each of the governmental funds. A budgetary comparison schedule for the District's General Fund is included under required supplementary information on pages 42-43, to demonstrate compliance with the adopted budget.

The District maintains one type of proprietary fund.

The Internal Service Fund is used to account for the District's self-insurance activity. The premiums paid by employees and the District are presented as revenues, while claims and administrative fees paid are listed as expenses. The fund activity is included in governmental activities within the government-wide financial statements.

The proprietary fund financial statement is presented on pages 10-12 of this report.

Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes can be found on pages 13-38 of this report.

Government-wide Financial Analysis

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

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

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

The liabilities and deferred inflows of resources of the primary government exceeded assets and deferred outflows of resources by ($8,222,324), with an unrestricted net position balance of ($25,639,541).

The negative balance is solely due to GASB Statement No. 68 and 75, resulting in a net pension liability of $24,343,502 and net OPEB liability of $1,142,471, representing its proportionate share of the Public Employees Retirement Association (PERA) of Colorado plan's net pension liability and Other Post-Employment Benefits.

Capital Assets of $16,731,217 in land, buildings, equipment, and vehicles to provide the services to the District's 2,474 public school students represents 68.03% of the District's assets. Net position of $423,917 has been restricted to provide resources to liquidate the current principal and related interest payments for the bus capital lease. The legally required TABOR reserve has also been restricted.

The $2,241,150 of accrued salaries and benefits as of June 30 are payables associated with teacher and other employee contracts for the 2022 school year requiring resources from fiscal year 2023 to liquidate.

Elizabeth School District
Net position (In thousands)
As of June 30, 2022
Government-wide Total Assets as compared to Total Liabilities and Total Net position:

	Government- Wide	
	2022	2021
Assets:		
Current Assets	7,864	8,315
Capital Assets	16,731	16,679
Total Assets	24,595	24,994
Deferred Outflows of Resources	7,872	12,194
Liabilities:		
Current Liabilities	2,915	2,565
Noncurrent Liabilities	26,003	35,908
Total Liabilities	28,918	38,473
Deferred Inflows of Resources	11,772	14,839
Net position:		
Net investment in capital assets	16,307	16,122
Restricted	1,110	1,133
Unrestricted	(25,640)	(33,379)
Total Net position	(8,223)	(16,124)

Government-wide Activities

Governmental activities increased the net position of the District by $7,901,334. Most of this increase was due to the pension benefit associated with changes to pension liabilities, deferred outflows and deferred inflows.

Elizabeth School District
Changes in Net position (In thousands)
For the year ended June 30, 2022

	Government- Wide	
	2022	2021
Revenues:		
Program revenues	$ 5,689	$ 4,122
General revenues	22,752	20,975
Total Revenues	28,441	25,097
Expenses:		
Governmental activities		
Instruction	12,255	10,808
Supporting services	7,611	6,765
Food services	656	457
Interest on long-term debt	17	21
Total Expenses	20,539	18,051
Changes in net position	7,901	7,046
Net position at beginning of fiscal year	(16,124)	(23,169)
Net position at end of fiscal year	(8,223)	(16,123)

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

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

Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, the District's governmental funds reported a combined ending fund balance of $4,593,223, a decrease of $414,256 in comparison with the prior year.

The General Fund is the primary operating fund of the District. The fund has $3,510,135 in ending fund balance, of which $686,000 restricted for the constitutionally mandated TABOR reserve.

Financial Analysis of the Proprietary Fund

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

Self-Insurance Fund – The School District is self-insured for purposes of providing health, dental and vision coverage for their employees. The District pays up to $120,000 per subscriber then stop-loss limit coverage provided by Anthem covers the balance of the claim.

General Fund Budgetary Highlights

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

General Fund expenses exceeded revenues and transfers by $810,661 thereby reducing the ending fund balance of the fund on a percentage basis by 18.76%.

Capital Assets and Debt Administration

Capital Assets. The District's investment in capital assets for its governmental activities as of June 30, 2022 amounts to $16,731,217 (net of accumulated depreciation). This investment in capital assets includes buildings, equipment, vehicles, and land. The net increase in the District's investment in capital assets for the current fiscal year was $52,239 or a 0.32% increase.

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

- Fifteen new HVAC units were installed at the high school
- Six used school buses
- Two modulars for CNA and automotive programs
- A new scoreboard for the stadium located at the high school

Elizabeth District

Capital Assets (net of accumulated depreciation, in Thousands)

	Total Primary Government	
	2022	2021
Land	$298	$298
Buildings	$28,647	$27,905
Equipment, vehicles, & fixtures	$1,718	$1,579
Transportation equipment	$2,621	$2,878
Less: Accumulated Depreciation	(16,553)	(15,981)
Total capital assets	$16,731	$16,679

Additional information on the District's capital assets can be found in Note 3 on page 20.

Long-Term Debt. At June 30, 2022 the District had $423,917 remaining of a capital lease for the ten buses recently acquired in a prior year. Additionally, the District has long-term obligations for compensated absences in the amount of $92,896 still outstanding at the end of the current fiscal year.

Elizabeth School District
General Obligation Bonds, Compensated Absences and Bus Capital Lease
June 30, 2022

	Government-Wide
Compensated Absences	92,896
Bus Capital Lease	423,917
Total	$ 516,813

Total long-term debt for the District decreased significantly during the current fiscal year due to the final debt service payments.

Additional information on the District's long-term obligations can be found in Note 5 on page 21 of this report.

Economic Factors and Next Year's Budget

The District is committed to an ongoing review of its programs and services for both effectiveness and efficiency. To accomplish this, the District examines how to best provide essential services on a cost-effective basis and to re-direct resources to the schools. The following factors will have a direct impact on the 2022-2023 fiscal year budget and future budgeting decisions:

- The most recent budget submittal by the governor for the State indicates that there will be an increase in per pupil funding for the upcoming fiscal year.
- The Public Employees Retirement Association (PERA) of Colorado, the pension plan that covers all district employees, made several changes to address its unfunded liabilities. The employee's contribution rate will increase from 10.5% to 11% beginning July 1, 2022.
- The actual funded student enrollment taken on the official count day of October 1, reported that the number of students was 62 more students than in fiscal year 2022. This increase will help address continuing education challenges.
- For the fiscal year that just ended, 2021-2022, the District decreased the ending fund balance of the General Fund by $810,661. The current 2022-2023 Budget reflects a decrease in the ending fund balance mostly due to one-time capital expenditures.
- With the recent submittal of the State budget the District is anticipating increases in future funding due to continuing improvements within the State economy.

Requests for Information

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

Elizabeth School District
Attention: Business Office
633 Dale Ct. PO Box 610
Elizabeth, CO 80107

Basic Financial Statements

Elizabeth School District
Statement of Net Position
June 30, 2022

	Primary Government	Component Unit
	Governmental Activities	Legacy Academy
Assets		
Cash and Investments	$ 6,908,564	$ 1,591,249
Restricted Cash and Investments	-	657,038
Accounts Receivable	85,580	16,030
Grants Receivable	552,756	-
Taxes Receivable	246,282	-
Inventories	70,507	-
Prepaid Insurance	-	11,617
Capital Assets, *Not Being Depreciated*	298,022	347,000
Capital Assets, *Net of Accumulated Depreciation*	16,433,195	8,491,969
Total Assets	24,594,906	11,114,903
Deferred Outflows of Resources		
Loss on Debt Refunding, *Net of Accumulated Amortization*	-	1,026,128
Pensions, *Net of Accumulated Amortization*	7,683,256	33,536
OPEB, *Net of Accumulated Amortization*	188,970	91,194
Total Deferred Outflows of Resources	7,872,226	1,150,858
Liabilities		
Accounts Payable	128,605	26,658
Accrued Salaries and Benefits	2,241,150	168,285
Unearned Revenues	-	61,186
Accrued Interest Payable	-	16,108
Insurance Claims Payable	545,395	-
Noncurrent Liabilities		
Due Within One Year	205,717	242,649
Due in More Than One Year	311,096	8,539,422
Net Pension Liability	24,343,502	3,746,043
Net OPEB Liability	1,142,471	181,339
Total Liabilities	28,917,936	12,981,690
Deferred Inflows of Resources		
Pensions, *Net of Accumulated Amortization*	11,362,700	1,743,274
OPEB, *Net of Accumulated Amortization*	408,820	64,175
Total Deferred Inflows of Resources	11,771,520	1,807,449
Net Position		
Net Investment in Capital Assets	16,307,300	148,092
Restricted for:		
Debt Service	423,917	540,835
Repairs and Replacement	-	100,095
Emergencies	686,000	148,000
Unrestricted	(25,639,541)	(3,460,400)
Total Net Position	$ (8,222,324)	$ (2,523,378)

Elizabeth School District
Statement of Activities
For the Year Ended June 30, 2022

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Change in Net Position: Primary Government Governmental Activities	Net (Expense) Revenue and Change in Net Position: Component Unit Legacy Academy
Primary Government					
Governmental Activities					
Instruction	$ 12,254,609	$ 1,339,111	$ 2,713,584	$ (8,201,914)	$ -
Supporting Services	7,611,177	72,550	408,895	(7,129,732)	-
Food Services	656,271	124,426	1,030,422	498,577	-
Interest on Long-Term Debt	17,426	-	-	(17,426)	-
Total Primary Government	$ 20,539,483	$ 1,536,087	$ 4,152,901	(14,850,495)	-
Component Unit					
Legacy Academy	$ 4,004,048	$ 153,402	$ 345,797	-	(3,504,849)
General Revenues					
Local Property Taxes				7,405,885	-
Specific Ownership Taxes				1,475,136	-
Mill Levy Override				1,280,334	-
State Equalization				11,344,971	-
Per Pupil Revenue				-	4,055,532
District Mill Levy				-	325,992
School Improvements Fees				577,501	-
Capital Construction				-	122,516
Grants and Contributions not Restricted to Specific Programs				321,952	10,212
Investment Income				9,402	24,469
(Loss) on disposal of capital assets				(1,941)	-
Other				338,589	669,235
Total General Revenues				22,751,829	5,207,956
Change in Net Position				7,901,334	1,703,107
Net Position, *Beginning of year*				(16,123,658)	(4,226,485)
Net Position, *End of year*				$ (8,222,324)	$ (2,523,378)

Elizabeth School District
Balance Sheet
Governmental Funds
June 30, 2022

	General	Nonmajor Governmental Funds	Total
Assets			
Cash and Investments	$ 5,189,873	$ 954,376	$ 6,144,249
Accounts Receivable	44,918	40,662	85,580
Grants Receivable	379,121	173,635	552,756
Taxes Receivable	246,282	-	246,282
Inventories	-	70,507	70,507
Total Assets	5,860,194	1,239,180	7,099,374
Liabilities			
Accounts Payable	125,340	3,265	128,605
Accrued Salaries and Benefits	2,118,236	122,914	2,241,150
Total Liabilities	2,243,576	126,179	2,369,755
Deferred Inflows of Resources			
Property Taxes	106,483	-	106,483
Unearned Revenue	-	29,913	29,913
Total Deferred Inflows of Resources	106,483	29,913	136,396
Fund Balances			
Nonspendable Inventories	-	70,507	70,507
Restricted for:			
Emergencies	686,000	-	686,000
Assigned to:			
Food Services	-	499,680	499,680
Athletics Programs	-	77,897	77,897
Student Activity	-	435,004	435,004
Unassigned	2,824,135	-	2,824,135
Total Fund Balances	3,510,135	1,083,088	4,593,223
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 5,860,194	$ 1,239,180	$ 7,099,374

See Notes to the Financial Statements.

Elizabeth School District

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

June 30, 2022

Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:

Total Fund Balances of Governmental Funds	$	4,593,223
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds.		16,731,217
Long-term assets are not available to pay current year expenditures and, therefore, are deferred in governmental funds. This amount represents property taxes and grant revenue earned but not available as current financial resources.		136,396
Long-term liabilities and related items are not due and payable in the current year and, therefore, are not reported in governmental funds:		
Lease		(423,917)
Accrued compensated absences		(92,896)
Net pension liability		(24,343,502)
Pension-related deferred outflows of resources		7,683,256
Pension-related deferred inflows of resources		(11,362,700)
Net OPEB liability		(1,142,471)
OPEB-related deferred outflows of resources		188,970
OPEB-related deferred inflows of resources		(408,820)
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included with governmental activities in the statement of net position.		218,920
Total Net Position of Governmental Activities	$	(8,222,324)

Elizabeth School District

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2022

	General	Nonmajor Governmental Funds	Total
Revenues			
Local Sources	$ 11,384,958	$ 665,058	$ 12,050,016
County Sources	577,501	-	577,501
State Sources	13,640,758	82,070	13,722,828
Federal Sources	1,609,829	1,257,933	2,867,762
Total Revenues	27,213,046	2,005,061	29,218,107
Expenditures			
Current			
Instruction	16,053,078	1,207,688	17,260,766
Supporting Services	11,160,387	197,993	11,358,380
Food Services	-	862,975	862,975
Debt Service			
Principal	132,816	-	132,816
Interest and Fiscal Charges	17,426	-	17,426
Total Expenditures	27,363,707	2,268,656	29,632,363
Excess Revenues Over (Under) Expenditures	(150,661)	(263,595)	(414,256)
Other Financing Sources (Uses)			
Transfers In	-	660,000	660,000
Transfers Out	(660,000)	-	(660,000)
Total Other Financial Sources (Uses)	(660,000)	660,000	-
Net Change in Fund Balances	(810,661)	396,405	(414,256)
Fund Balances, *Beginning of year*	4,320,796	686,683	5,007,479
Fund Balances, *End of year*	$ 3,510,135	$ 1,083,088	$ 4,593,223

Elizabeth School District
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2022

Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:

Net Change in Fund Balances of Governmental Funds	$	(414,256)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:		
Depreciation expense		(897,532)
Capital outlay		951,712
Governmental funds do not record deletions or losses; however, in the statement of activities these assets and accumulated depreciation are removed, and losses are recorded		
Assets Removed		(327,350)
Accumulated Depreciation		325,409
Revenues that do not provide current financial resources are deferred in the governmental fund financial statements but are recognized in the government-wide financial statements. This amount represents the change in deferred property taxes.		(4,583)
The repayment of long-term debt principal is an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net position and does not affect the statement of activities.		
Principal payments on capital lease		132,816
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. This includes the changes in the following:		
Accrued compensated absences		(7,252)
Net pension liability		9,684,618
Pension-related deferred outflows of resources		(4,340,301)
Pension-related deferred inflows of resources		3,070,512
Net OPEB liability		94,678
OPEB-related deferred outflows of resources		18,294
OPEB-related deferred inflows of resources		(2,625)
An internal service fund is used by management to charge the costs of insurance to individual funds. The activities of the internal service fund are reported with governmental activities in the statement of activities.		(382,806)
Change in Net Position	$	7,901,334

Elizabeth School District
Statement of Net Position
Proprietary Fund
June 30, 2022

	Governmental Activities
	Internal Service
Assets	
Current Assets	
Cash and Investments	$ 764,315
Total Assets	764,315
Liabilities	
Current Liabilities	
Insurance Claims Payable	545,395
Total Liabilities	545,395
Net Position	
Unrestricted	218,920
Total Net Position	$ 764,315

See Notes to the Financial Statements.

Elizabeth School District
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Fund
For the Year Ended June 30, 2022

	Governmental Activities
	Internal Service
Operating Revenues	
Charges for Services	$ 1,347,566
Total Operating Revenues	1,347,566
Operating Expenses	
Insurance Claims	1,730,372
Total Operating Expenses	1,730,372
Changes in Net Position	(382,806)
Net Position, *Beginning of year*	601,726
Net Position, *End of year*	$ 218,920

See Notes to the Financial Statements.

Elizabeth School District
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2022

	Governmental Activities Internal Service
Cash Flows From Operating Activities	
Cash Received from Other Funds	$ 1,347,566
Cash Paid to Suppliers	(1,615,149)
Net Cash Provided by Operating Activities	(267,583)
Cash and Cash Equivalents, *Beginning of year*	1,031,898
Cash and Cash Equivalents, *End of year*	$ 764,315
Reconciliation of Change in Net Position to Net Cash Used by Operating Activities	
Change in Net Position	$ (382,806)
Adjustments to Reconcile Change in Net Position to Net Cash Provided by Operating Activities	
Change in Insurance Claims Payable	115,223
Net Cash Provided by Operating Activities	$ (267,583)

See Notes to the Financial Statements.

Note 1: Summary of Significant Accounting Policies

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

Reporting Entity

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

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

Government-wide and Fund Financial Statements

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

The statement of activities demonstrates the degree to which the direct expenses of the given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to students or other customers who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues.*

Note 1: Summary of Significant Accounting Policies (Continued)

Government-wide and Fund Financial Statements *(Continued)*

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

Additionally, the District reports the following fund types:

The *Insurance Reserve Internal Service Fund* - accounts for the resources accumulated for the District's employee health and dental claims.

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collected within the current year or soon enough thereafter to pay liabilities of the current year. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current year.

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

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due.

Note 1: Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation
(Continued)

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

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

Assets, Liabilities and Fund Balances/Net Position

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

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

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

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

Note 1: Summary of Significant Accounting Policies (Continued)

Assets, Liabilities and Fund Balance/Net Position *(Continued)*

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

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

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

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

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

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

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

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

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

Note 1: Summary of Significant Accounting Policies (Continued)

Assets, Liabilities and Fund Balance/Net Position *(Continued)*

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

Net Position/Fund Balances - In the government-wide and fund financial statements, net position and fund balances are restricted when constraints placed on the use of resources are externally imposed. In the fund financial statements, governmental funds report committed fund balances when the Board of Education formally commits resources for a specific purpose through passage of a resolution. The Board of Education has delegated to the Superintendent the authority to assign fund balances to be used for specific purposes.

In circumstances where an expenditure is incurred for a purpose for which amounts are available in multiple fund balance classifications, District policy requires restricted fund balance to be used first, followed by committed, assigned, and unassigned balances.

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

Property Taxes

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

Subsequent Events

The District has evaluated subsequent events through December 8, 2022, the date the financial statements were available to be issued.

Note 2: Cash and Investments

At June 30, 2022, the District had the following cash and investments:

Deposits	$ 893,509
Investments	6,015,055
Total	$ 6,908,564

Deposits

The Colorado Public Deposit Protection Act (PDPA) requires local government entities to deposit cash in eligible public depositories. Eligibility is determined by State regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. The PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution or held in trust for all uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. At June 30, 2022, the District had bank deposits of $1,186,690 collateralized with securities held by the financial institution's agent but not in the District's name.

Investments

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

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

Fair Value Measurements - At June 30, 2022, the District's investments in Colotrust and a money market fund are reported at the net asset value per share.

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

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

Note 2: Cash and Investments (Continued)

Investments *(Continued)*

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

Local Government Investment Pool - At June 30, 2022, the District had $6,015,055 invested in the Colorado Local Government Liquid Asset Trust (Colotrust). Colotrust is an investment vehicle established for local government entities in Colorado to pool surplus funds. The Colorado Division of Securities administers and enforces the requirements of creating and operating Colotrust. Colotrust operate in conformity with the Securities and Exchange Commission's Rule 2a-7. Colotrust is measured at the net asset value per share, with each share valued at $1. Colotrust is rated AAAm by Standard and Poor's. Investments of Colotrust are limited to those allowed by State statutes. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. The custodian's internal records identify the investments owned by the participating governments.

Note 3: Capital Assets

Capital asset activity for the year ended June 30, 2022, is summarized below.

	Balance 06/30/21	Additions	Deletions	Balance 06/30/22
Governmental Activities				
Capital Assets, *Not Being Depreciated*				
Land	$ 298,022	$ -	$ -	$ 298,022
Total Capital Assets, *Not Being Depreciated*	298,022	-	-	298,022
Capital Assets, *Being Depreciated*				
Buildings	27,905,275	741,983	-	28,647,258
Equipment	1,578,620	154,430	(15,000)	1,718,050
Transportation Vehicles	2,877,567	55,299	(312,350)	2,620,516
Total Capital Assets, *Being Depreciated*	32,361,462	951,712	(327,350)	32,985,824
Less Accumulated Depreciation				
Buildings	(13,138,751)	(728,124)	-	(13,866,875)
Equipment	(833,864)	(91,061)	15,000	(909,925)
Transportation Vehicles	(2,007,891)	(78,347)	310,409	(1,775,829)
Total Accumulated Depreciation	(15,980,506)	(897,532)	325,409	(16,552,629)
Total Capital Assets, *Being Depreciated, net*	16,380,956	54,180	(1,941)	16,433,195
Governmental Activities Capital Assets, *net*	$ 16,678,978	$ 54,180	$ (1,941)	$ 16,731,217

Note 3: Capital Assets (Continued)

Depreciation expense of the governmental activities was charged to programs of the District as follows:

Instruction	$ 2,585
Supporting Services	891,930
Food Services	3,017
Total	$ 897,532

Note 4: Long-Term Debt

Following is a summary of long-term debt transactions for the year ended June 30, 2022:

	Balance 06/30/21	Additions	Payments	Balance 06/30/22	Due Within One Year
Bus Capital Lease	$ 556,733	$ -	$ (132,816)	$ 423,917	$ 136,974
Compensated Absences	85,644	95,232	(87,980)	92,896	68,743
Total	$ 642,377	$ 95,232	$ (220,796)	$ 516,813	$ 205,717

Compensated absences are expected to be liquidated primarily with revenues of the General Fund.

Bus Capital Lease

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

Principal and interest payments due on the outstanding capital lease are as follows:

Year Ended June 30,	Principal	Interest	Total
2023	136,974	13,269	150,243
2024	141,261	8,981	150,242
2025	145,682	4,559	150,241
Total	$ 423,917	26,809	450,726

Note 5: Interfund Transactions

During the year ended June 30, 2022, the General Fund subsidized the activities of the Food Services and Athletics Funds through interfund transfers of $100,000 and $660,000, respectively.

Note 6: Risk Management

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

The District purchases commercial insurance for property, liability, and workers compensation risks of loss. Under the District's employee health and dental plan, the District provides coverage for up to a maximum of $120,000 per employee for each calendar year. The aggregate stop-loss limit for the District is 120% of expected claims, or $2,207,018 for the year ended June 30, 2022.

Claims liabilities are reported in the government-wide financial statements and the internal service fund if information available prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Other than current amounts, the District does not believe the estimated claims liability is fully measurable, and the District could incur additional costs related to incurred but not reported claims.

Changes in claims payable for the employee health and dental plan were as follows:

Claims Payable, June 30, 2020,	$	315,732
Claims Incurred and Adjustments		1,885,632
Payments		(1,771,192)
Claims Payable, June 30, 2021		430,172
Claims Incurred and Adjustments		1,730,372
Payments		(1,615,149)
Claims Payable, June 30, 2022	$	545,395

Note 7: Defined Benefit Pension Plan

General Information

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

Note 7: Defined Benefit Pension Plan (Continued)

General Information *(Continued)*

Benefits provided as of June 30, 2022 - 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 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% and then multiplied by years of service credit.
- The value of the retiring employee's member contribution account plus a 100 percent match on eligible amounts as of the retirement date. This amount is then annualized into a monthly benefit based on life expectancy and other actuarial factors.

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

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

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

Members may elect to withdraw their member contribution accounts upon termination of employment with all PERA employers; waiving rights to any lifetime retirement benefits earned. If eligible, the member may receive a match of either 50 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.

Note 7: Defined Benefit Pension Plan (Continued)

General Information *(Continued)*

Upon meeting certain criteria, benefit recipients who elect to receive a lifetime retirement benefit generally receive post-retirement cost-of-living adjustments, referred to as annual increases in the C.R.S. Subject to the automatic adjustment provision (AAP) under C.R.S. § 24-51-413, eligible benefit recipients under the PERA benefit structure who began membership before January 1, 2007, and all eligible benefit recipients of the DPS benefit structure will receive the maximum annual increase (AI) or AI cap of 1.00% unless adjusted by the AAP. Eligible benefit recipients under the PERA benefit structure who began membership on or after January 1, 2007, will receive the lesser of an annual increase of the 1.00% AI cap or the average increase of the Consumer Price Index for Urban Wage Earners and Clerical Workers for the prior calendar year, not to exceed a determined increase that would exhaust 10% of PERA's Annual Increase Reserve (AIR) for the SCHDTF. The AAP may raise or lower the aforementioned AI cap by up to 0.25% based on the parameters specified in C.R.S. § 24-51-413.

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

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

Contributions provisions as of June 30, 2022 - Eligible employees, the District and the State are required to contribute to the SCHDTF at a rate set by Colorado statute. The contribution requirements for the SCHDTF are established under C.R.S. § 24-51-401, *et seq*. and § 24-51-413. Eligible employees are required to contribute 10.50% of their PERA-includable salary during the period of July 01, 2021 through June 30, 2022. The District's contribution rate was 20.90% of covered salaries for July 01, 2021 through June 30, 2022. However, a portion of the District's contribution (1.02% of covered salaries) is allocated to the Health Care Trust Fund (See Note 8). Contribution rates for the SCHDTF are expressed as a percentage of salary defined in C.R.S. § 24-51-101(42).

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from the District were $2,639,980, for the year ended June 30, 2021.

Note 7: Defined Benefit Pension Plan (Continued)

General Information *(Continued)*

For purposes of GASB 68 paragraph 15, a circumstance exists in which a nonemployer contributing entity is legally responsible for making contributions to the SCHDTF and is considered to meet the definition of a special funding situation. As specified in C.R.S. § 24-51-414, the State is required to contribute $225 million (actual dollars) 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. In addition to the $225 million (actual dollars) direct distribution due July 1, 2022, House Bill (HB) 22-1029, instructs the State treasurer to issue a warrant to PERA in the amount of $380 million (actual dollars), upon enactment, with reductions to future direct distributions scheduled to occur July 1, 2023, and July 1, 2024.

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

The net pension liability for the SCHDTF was measured at December 31, 2021, and the total pension liability (TPL) used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020. Standard update procedures were used to roll forward the TPL to December 31, 2021. The District proportion of the net pension liability was based on the District contributions to the SCHDTF for the calendar year 2021 relative to the total contributions of participating employers and State as a nonemployer contributing entity.

At June 30, 2022, the District reported a liability of $24,343,502, for its proportionate share of the net pension liability that reflected an increase for support from the State as a nonemployer contributing entity. The amount recognized by the District as its proportionate share of the net pension liability, the related support from the State as a nonemployer contributing entity, and the total portion of the net pension liability that was associated with the District were as follows:

District Proportionate share of net pension liability	$ 26,321,441
The State's proportionate share of net pension liability as a nonemployer contributing entity associated with the District	(1,977,939)
Proportionate share of the net pension liability	$ 24,343,502

At December 31, 2021, the District's proportion was 0.2091839500%, which was a decrease of 0.0158997791% from its proportion measured at December 31, 2020.

Note 7: Defined Benefit Pension Plan (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions *(Continued)*

For the year ended 2022, the District recognized pension benefit of $5,780,690 and expense of $472,875 for support from the State as a nonemployer contributing entity. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 931,970	$ -
Changes of assumptions and other inputs	1,858,446	-
Net difference between projected and actual earnings on plan investments	-	9,152,428
Changes in proportion	3,085,645	2,210,272
Contributions subsequent to the measurement date	1,807,195	-
Total	$ 7,683,256	$ 11,362,700

$1,807,195 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30,	
2023	$ 578,693
2024	(2,348,655)
2025	(2,605,770)
2026	(1,110,907)
Total	$ (5,486,639)

Note 7: Defined Benefit Pension Plan (Continued)

<u>Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions</u> *(Continued)*

Actuarial assumptions - The TPL in the December 31, 2020, actuarial valuation was determined using the following actuarial assumptions and other inputs.

Actuarial cost method	Entry Age
Price inflation	2.3%
Real wage growth	0.7%
Wage inflation	3.0%
Salary increases, including wage inflation	3.4% - 11.0%
Long-term investment rate of return, net of plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Future post-employment benefit increases:	
Hired prior to 1/1/2007	1.25%
Hired after 12/31/2006	Financed by AIR

The TPL as of December 31, 2021, includes the anticipated adjustments to contribution rates and the AI cap, resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022.

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

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

Post-retirement non-disabled mortality assumptions were based upon the PubT-2010 Healthy Retiree Table, adjusted as follows:

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

Post-retirement non-disabled beneficiary mortality assumptions were based upon the PubT-2010 Contingent Survivor Table, adjusted as follows:

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

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

Note 7: Defined Benefit Pension Plan (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions *(Continued)*

The actuarial assumptions used in the December 31, 2020, valuation were based on the results of the 2020 experience analysis for the periods January 1, 2016, through December 31, 2019, and were reviewed and adopted by the PERA Board at their November 20, 2020, meeting.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four 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.

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

The PERA Board first adopted the 7.25 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 the Board's 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 rate of return assumption of 7.25%.

Note 7: Defined Benefit Pension Plan (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions *(Continued)*

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

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00%.
- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the scheduled increases in Senate Bill (SB) 18-200, required adjustments resulting from the 2018 AAP assessment, and the additional 0.50% resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022. 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 AAP assessment, and the additional 0.50% resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022. Employer contributions also include the current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103%, at which point, the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions reflect reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- As specified in law, the State, as a nonemployer contributing entity, will provide an annual direct distribution of $225 million (actual dollars), commencing July 1, 2018, that is proportioned between the State, School, Judicial, and DPS Division Trust Funds based upon the covered payroll of each Division. The annual direct distribution ceases when all Division Trust Funds are fully funded.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial FNP, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the FNP and the subsequent AIR benefit payments were estimated and included in the projections.
- The projected benefit payments reflect the lowered AI cap, from 1.25% to 1.00%, resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022.
- Benefit payments and contributions were assumed to be made at the middle of the year.

Note 7: Defined Benefit Pension Plan (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions *(Continued)*

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

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	$ 35,831,644	$ 24,343,502	$ 14,757,076

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 8: Postemployment Healthcare Benefits

General Information

Plan description - Eligible employees of the District are provided with OPEB through the HCTF - a cost-sharing multiple-employer defined benefit OPEB plan administered by PERA. The HCTF is established under Title 24, Article 51, Part 12 of the Colorado Revised Statutes (C.R.S.), as amended. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. Title 24, Article 51, Part 12 of the C.R.S., as amended, and sets forth a framework that grants authority to the PERA Board to contract, self-insure, and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of the premium subsidies. Colorado State law provisions may be amended by the Colorado General Assembly. PERA issues a publicly available annual comprehensive financial report (ACFR) that can be obtained at www.copera.org/investments/pera-financial-reports.

Note 8: Postemployment Healthcare Benefits (Continued)

General Information *(Continued)*

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

For benefit recipients who have not participated in Social Security and who are not otherwise eligible for premium-free Medicare Part A for hospital-related services, C.R.S. § 24-51-1206(4) provides an additional subsidy. According to the statute, PERA cannot charge premiums to benefit recipients without Medicare Part A that are greater than premiums charged to benefit recipients with Part A for the same plan option, coverage level, and service credit. Currently, for each individual PERACare enrollee, the total premium for Medicare coverage is determined 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 8: Postemployment Healthcare Benefits (Continued)

General Information *(Continued)*

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

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

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

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the District was $135,452, for the year ended June 30, 2022.

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

At June 30, 2022, the District reported a liability of $1,142,471 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured at December 31, 2021, and the total OPEB liability (TOL) used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2020. Standard update procedures were used to roll forward the total OPEB liability to December 31, 2021.

The District's proportion of the net OPEB liability was based on the District's contributions to the HCTF for the calendar year ended December 31, 2021, relative to the contributions of all participating employers to the HCTF.

At December 31, 2021, the District's proportion was 0.1324903334%, which was an increase of 0.0022950041% from its proportion measured at December 31, 2020.

Note 8: Postemployment Healthcare Benefits (Continued)

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

For the year ended June 30, 2022, the District recognized OPEB expense of $20,800. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 1,743	$ 270,896
Changes of assumptions and other inputs	23,653	61,972
Net difference between projected and actual earnings on plan investments	-	70,718
Changes in proportion	71,408	5,234
Contributions subsequent to the measurement date	92,166	-
Total	$ 188,970	$ 408,820

$92,166 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 subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

Year Ended June 30,	
2023	$ (79,445)
2024	(96,514)
2025	(88,153)
2026	(40,867)
2027	(6,229)
Thereafter	(808)
Total	$ (312,016)

Note 8: Postemployment Healthcare Benefits (Continued)

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

Actuarial assumptions - The TOL in the December 31, 2020 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.3%
Real wage growth	7.0%
Wage inflation	3.0%
Salary increases, including wage inflation	3.4% - 11.0%
Long-term investment rate of return, net of plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Health care cost trend rates:	
PERA Benefit Structure	
Service-based premium subsidy	0.0%
PERACare Medicare plans	
4.5% in 2021, 6.0% in 2022 gradually decreasing to 4.5% in 2029	
Medicare Part A premiums:	
3.75% in 2021, gradually increasing to 4.5% in 2029	
DPS Benefit Structure	
Service-based premium subsidy	0.0%
PERACare Medicare plans	N/A
Medicare Part A premiums:	N/A

Calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each actuarial valuation and on the pattern of sharing of costs between employers of each fund to that point.

In determining the additional liability for PERACare enrollees who are age 65 or older and who are not eligible for premium-free Medicare Part A in the December 31, 2020, valuation, the following monthly costs/premiums (actual dollars) are assumed for 2020 for the PERA Benefit Structure:

- Medicare Advantage/Self-Insured Rx - Monthly Cost of $633, Monthly Premium of $230, Monthly Costs Adjusted to Age 65 of $591.
- Kaiser Permanente Medicare Advantage HMO - Monthly Cost of $596, Monthly Premium of $199, Monthly Costs Adjusted to Age 65 of $562.

The 2021 Medicare Part A premium is $471 (actual dollars) per month.

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

Note 8: Postemployment Healthcare Benefits (Continued)

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

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

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, [Date Function 2 Years Prior], 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.

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

Year	PERACare Medicare Plans	Medicare Part A Premiums
2021	4.50%	3.75%
2022	6.00%	3.75%
2023	5.80%	4.00%
2024	5.60%	4.00%
2025	5.40%	4.00%
2026	5.10%	4.25%
2027	4.90%	4.25%
2028	4.70%	4.25%
2029+	4.50%	4.50%

Mortality assumptions used in the December 31, 2020, valuation for the determination of the total pension liability for each of the Division Trust Funds as shown below are 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.

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

Post-retirement non-disabled mortality assumptions for the School Division were based on the upon the PubT-2010 Healthy Retiree Table, adjusted as follows:

Note 8: Postemployment Healthcare Benefits (Continued)

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

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

Post-retirement non-disabled beneficiary mortality assumptions for the School Division were based on the upon the Pub-2010 Contingent Survivor Table, adjusted as follows:

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

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

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

- Initial per capita health care costs 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 2021 plan year.
- The health care cost trend rates for Medicare Part A 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, 2020, valuation were based on the results of the 2020 experience analysis for the period January 1, 2016, through December 31, 2019, and were adopted by the PERA's Board during the November 20, 2020, Board meeting.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four 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 8: Postemployment Healthcare Benefits (Continued)

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

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, as presented previously (see Note 7).

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

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

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2021, measurement date.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00%.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Estimated transfers of dollars into the HCTF representing a portion of purchase service agreements intended to cover the costs associated with OPEB benefits.
- Benefit payments and contributions were assumed to be made at the middle of the year.

Note 8: Postemployment Healthcare Benefits (Continued)

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

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

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	$ 1,326,860	$ 1,142,471	$ 984,970

Sensitivity of the District's proportionate share of the net OPEB liability to changes in the Healthcare Cost Trend Rates. The following presents the net OPEB liability using the current healthcare cost trend rates applicable to the PERA benefit structure, ranging from 2.75% to 5.50%, as well as if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current rates, as follows:

	1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
Proportionate share of the net OPEB liability	$ 1,109,662	$ 1,142,471	$ 1,180,477

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 9: Commitments and Contingencies

Claims and Judgments

The District participates in a number of federal, state, and local programs that are fully or partially funded by grants received from other governmental entities. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the District may be required to reimburse the grantor government. At June 30, 2022, significant amounts of grant expenditures have not been audited but management believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the District.

TABOR Amendment

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

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

The Amendment requires the District to establish a reserve for emergencies, representing 3% of qualifying expenditures. At June 30, 2022, the District's emergency reserve was reported as restricted fund balance in the General Fund, in the amount of $686,000.

Current Economic Conditions

During the year ended June 30, 2022, the United States of America and State of Colorado declared an emergency associated with the COVID-19 pandemic. Along with significant declines in financial markets, the public health emergency creates uncertain economic conditions. The District has adapted and made changes to operations due to potential impacts on health and safety. Should these conditions persist, the District could be negatively impacted.

Required Supplementary Information

Elizabeth School District

Required Supplementary Information
Schedule of Proportionate Share of the Net Pension Liability and Contributions
Public Employees' Retirement Association of Colorado School Division Trust Fund
June 30, 2022

	12/31/21	12/31/20	12/31/19	12/31/18
Proportionate Share of the Net Pension Liability				
District's Proportion of the Net Pension Liability	0.2091839500%	0.2250837291%	0.1948989650%	0.1908654273%
Net Pension Liability				
District's Proportionate Share	$ 24,343,502	$ 34,028,120	$ 29,117,482	$ 33,796,644
State's Proportionate Share	1,977,939	-	3,693,183	4,621,222
Total Proportionate Share of the Net Pension Liability	$ 26,321,441	$ 34,028,120	$ 32,810,665	$ 38,417,866
District's Covered Payroll	$ 12,681,759	$ 12,039,762	$ 11,450,609	$ 10,492,895
District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	192%	283%	254%	322%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75%	67%	65%	57%

	06/30/22	06/30/21	06/30/20	06/30/19
District Contributions				
Statutorily Required Contribution	$ 2,639,980	$ 2,426,830	$ 2,285,758	$ 2,064,761
Contributions in Relation to the Statutorily Required Contribution	(2,639,980)	(2,426,830)	(2,285,758)	(2,064,761)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -
District's Covered Payroll	$ 13,279,570	$ 12,207,382	$ 11,794,393	$ 10,793,253
Contributions as a Percentage of Covered Payroll	19.88%	19.88%	19.38%	19.13%

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

(Continued)

Elizabeth School District
Required Supplementary Information
Schedule of Proportionate Share of the Net Pension Liability and Contributions
Public Employees' Retirement Association of Colorado School Division Trust Fund
June 30, 2022
(Continued)

	12/31/2017	12/31/16	12/31/15	12/31/14	12/31/13
Proportionate Share of the Net Pension Liability					
District's Proportion of the Net Pension Liability	0.2204456159%	0.2235124020%	0.2259040660%	0.2288515898%	0.2428819967%
Net Pension Liability					
District's Proportionate Share	$ 71,284,278	$ 66,548,285	$ 34,550,432	$ 31,017,078	$ 30,979,533
State's Proportionate Share	-	-	-	-	-
Total Proportionate Share of the Net Pension Liability	$ 71,284,278	$ 66,548,285	$ 34,550,432	$ 31,017,078	$ 30,979,533
District's Covered Payroll	$ 10,168,895	$ 10,031,633	$ 9,844,881	$ 9,587,231	$ 9,791,336
District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	701%	663%	351%	324%	316%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	44%	43%	59%	63%	64%

	6/30/2018	6/30/17	6/30/16	6/30/15	6/30/14
District Contributions					
Statutorily Required Contribution	$ 1,922,340	$ 1,878,956	$ 1,766,053	$ 1,632,231	$ 1,535,299
Contributions in Relation to the Statutorily Required Contribution	(1,922,340)	(1,878,956)	(1,766,053)	(1,632,231)	(1,535,299)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -
District's Covered Payroll	$ 10,178,906	$ 10,220,669	$ 9,942,516	$ 9,665,927	$ 9,606,475
Contributions as a Percentage of Covered Payroll	18.89%	18.38%	17.76%	16.89%	15.98%

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

Elizabeth School District

Required Supplementary Information
Schedule of Proportionate Share of the Net OPEB Liability and Contributions
Public Employees' Retirement Association of Colorado Health Care Trust Fund
June 30, 2022

	12/31/21	12/31/20	12/31/19	12/31/18	12/31/17
Proportionate Share of the Net OPEB Liability					
District's Proportion of the Net OPEB Liability	0.1324903334%	0.1301953293%	0.1273480927%	0.1240635401%	0.1252563509%
District's Proportionate Share of the Net OPEB Liability	$ 1,142,471	$ 1,237,149	$ 1,431,390	$ 1,687,937	$ 1,627,832
District's Covered Payroll	$ 12,681,759	$ 12,039,762	$ 11,450,609	$ 10,492,895	$ 10,168,895
District's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	9%	10%	13%	16%	16%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	39%	33%	24%	17%	18%

	6/30/22	6/30/21	6/30/20	6/30/19	6/30/18
District's Contributions					
Statutorily Required Contribution	$ 135,452	$ 124,515	$ 120,303	$ 110,091	$ 103,825
Contributions in Relation to the Statutorily Required Contribution	(135,452)	(124,515)	(120,303)	(110,091)	(103,825)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -
District's Covered Payroll	$ 13,279,570	$ 12,207,382	$ 11,794,393	$ 10,793,253	$ 10,178,906
Contributions as a Percentage of Covered Payroll	1.02%	1.02%	1.02%	1.02%	1.02%

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

Elizabeth School District
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Variance *Positive* *(Negative)*
Revenues				
Local Sources				
Property Taxes	$ 7,469,089	$ 7,426,676	$ 7,410,468	$ (16,208)
Specific Ownership Taxes	1,234,428	1,299,143	1,475,136	175,993
Mill Levy Override	1,590,000	1,590,000	1,280,334	(309,666)
Tuition and Fees	600,000	600,000	822,899	222,899
Investment Income	50,000	10,000	9,402	(598)
Rental Income	58,000	58,000	48,130	(9,870)
Other	168,500	163,600	338,589	174,989
Total Local Sources	11,170,017	11,147,419	11,384,958	237,539
County Sources				
School Improvements Fees	500,000	700,000	577,501	(122,499)
State Sources				
State Equalization	10,843,233	11,169,207	11,344,971	175,764
Vocational Education	20,000	20,000	37,124	17,124
Transportation	220,000	253,673	259,214	5,541
Small Rural Schools Additional Aid	393,907	393,907	321,952	(71,955)
READ Act	50,000	50,000	26,800	(23,200)
Additional At-Risk Funding	-	-	66,843	66,843
Early Childhood Education Association	518,000	570,130	878,085	307,955
Others	350,000	1,007,802	705,769	(302,033)
Total State Sources	12,395,140	13,464,719	13,640,758	176,039
Federal Sources				
Grants	528,860	617,733	630,291	12,558
ESSER II and III	595,000	803,177	979,538	176,361
Total Federal Sources	1,123,860	1,420,910	1,609,829	188,919
Total Revenues	$ 25,189,017	$ 26,733,048	$ 27,213,046	$ 479,998

(Continued)

Elizabeth School District
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2022
(Continued)

	Original Budget	Final Budget	Activities	Variance *Positive (Negative)*
Expenditures				
Instruction	$ 15,864,530	$ 16,625,534	$ 16,053,078	$ 572,456
Supporting Services				
Students	1,756,398	1,766,921	2,056,221	(289,300)
Instructional Staff	314,194	301,586	298,774	2,812
General Administration	622,031	725,012	667,148	57,864
School Administration	1,075,865	1,075,250	1,058,743	16,507
Business Services	620,746	673,323	681,247	(7,924)
Operations and Maintenance	2,564,979	3,092,737	2,688,766	403,971
Student Transportation	1,220,114	1,732,034	1,304,946	427,088
Central Support	1,185,737	1,097,265	1,080,120	17,145
Community Services	-	211,495	191,520	19,975
Facilities Acquisition	409,000	667,000	1,132,902	(465,902)
Total Supporting Services	9,769,064	11,342,623	11,160,387	182,236
Debt Service				
Principal	130,000	130,000	132,816	(2,816)
Interest and Fiscal Charges	21,000	22,000	17,426	4,574
Total Debt Service	151,000	152,000	150,242	1,758
Total Expenditures	25,784,594	28,120,157	27,363,707	756,450
Excess of Revenues Over (Under) Expenditures	(595,577)	(1,387,109)	(150,661)	1,236,448
Other Financing Sources (Uses)				
Transfers Out	(700,000)	(660,000)	(660,000)	-
Net Change In Fund Balance	(1,295,577)	(2,047,109)	(810,661)	1,236,448
Fund Balance, *Beginning of year*	3,385,026	4,320,796	4,320,796	-
Fund Balance, *End of year*	$ 2,089,449	$ 2,273,687	$ 3,510,135	$ 1,236,448

Note 1: Schedule of Proportionate Share of the Net Pension Liability and Contributions

The Public Employees' Retirement Association of Colorado (PERA) School Division Trust Fund's net pension liability and associated amounts are measured annually at December 31, based on an actuarial valuation as of the previous December 31. The District's contributions and related ratios represent cash contributions and any related accruals that coincide with the District's fiscal year ending on June 30.

Changes in Assumptions and Other Inputs

For the year ended 2022, the total pension liability was determined by an actuarial valuation as of December 31, 2020. The following revised economic and demographic assumptions were effective as of December 31, 2020.

- Investment rate of return assumption of 7.25% per year, compounded annually. This assumption did not change from the prior year.
- Price inflation assumption of 2.3% per year. This assumption decreased from 2.4% from the prior year.
- Real rate of investment return assumption of 4.85% per year, net of investment expenses. The rate reflected in the roll-forward calculation of the collective total pension liability to the measurement date was 7.25%. This assumption did not change from prior year.
- Wage inflation assumption of 3.0% per year. This assumption decreased from 3.5% in the prior year.
- Healthy and disabled mortality assumptions are based on the PubT-2010 Employee Tables.

Note 2: Stewardship, Compliance and Accountability

Budgetary Information

Budgets are adopted for all funds on a basis consistent with generally accepted accounting principles. The District adheres to the following procedures to establish the budgetary information reflected in the financial statements.

- Management submits to the Board of Education a proposed budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted by the Board of Education to obtain taxpayer comments.
- Prior to June 30, the budget is adopted by formal resolution.
- Expenditures may not legally exceed appropriations at the fund level. Authorization to transfer budget amounts between programs and/or departments within any fund and the reallocation of budget line items within any program and/or department rests with the Superintendent. Revisions that alter the total expenditures of any fund must be approved by the Board of Education.
- All budget appropriations lapse at fiscal year-end.

Note 2: Stewardship, Compliance and Accountability (Continued)

Legal Compliance

For the year ended June 30, 2022, the expenditure of the Food Services fund and Athletics fund exceeded the amounts budgeted by $50,663 and $12,887, respectively. This may be a violation of State statutes.

Combining and Individual Fund Statements and Schedules

Elizabeth School District
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2022

	Special Revenue				
	Food Services	Grants	Athletics	Student Activity	Total
Assets					
Cash and Investments	$ 461,713	$ (32,978)	$ 101,328	$ 424,313	$ 954,376
Accounts Receivable	29,971	-	-	10,691	40,662
Grants Receivable	87,340	86,295	-	-	173,635
Inventories	70,507	-	-	-	70,507
Total Assets	649,531	53,317	101,328	435,004	1,239,180
Liabilities and Fund Balances					
Liabilities					
Accounts Payable	-	-	3,265	-	3,265
Accrued Salaries and Benefits	49,431	53,317	20,166	-	122,914
Total Liabilities	49,431	53,317	23,431	-	126,179
Deferred Inflows of Resources					
Unearned Revenue	29,913	-	-	-	29,913
Fund Balances					
Nonspendable Inventories	70,507	-	-	-	70,507
Assigned to:					
Food Services	499,680	-	-	-	499,680
Athletics Programs	-	-	77,897	-	77,897
Student Activity	-	-	-	435,004	435,004
Total Fund Balances	570,187	-	77,897	435,004	1,083,088
Total Liabilities and Fund Balances	$ 649,531	$ 53,317	$ 101,328	$ 435,004	$ 1,239,180

Elizabeth School District
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2022

	Special Revenue				
	Food Services	Grants	Athletics	Student Activity	Total
Revenues					
Local Sources	$ 124,426	$ -	$ 132,741	$ 407,891	$ 665,058
State Sources	5,266	76,804	-	-	82,070
Federal Sources	1,025,156	232,777	-	-	1,257,933
Total Revenues	1,154,848	309,581	132,741	407,891	2,005,061
Expenditures					
Current					
Instruction	-	258,995	620,889	327,804	1,207,688
Supporting Services	-	20,825	177,168	-	197,993
Food Services	833,214	29,761	-	-	862,975
Total Expenditures	833,214	309,581	798,057	327,804	2,268,656
Excess of Revenues Over (Under) Expenditures	321,634	-	(665,316)	80,087	(263,595)
Other Financing Sources (Uses)					
Transfers In	-	-	660,000	-	660,000
Total Other Financing Sources (Uses)	-	-	660,000	-	660,000
Net Change in Fund Balances	321,634	-	(5,316)	80,087	396,405
Fund Balances, *Beginning of year*	248,553	-	83,213	354,917	686,683
Fund Balances, *End of year*	$ 570,187	$ -	$ 77,897	$ 435,004	$ 1,083,088

Elizabeth School District

Budgetary Comparison Schedule
Food Services Fund
For the Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Variance *Positive (Negative)*
Revenues				
Charges for Services				
Student Meals	$ 98,500	$ 98,500	$ 117,249	$ 18,749
Catering	-	-	7,177	7,177
State Sources				
Grants	6,000	6,000	5,266	(734)
Federal Sources				
National School Lunch and Breakfast Programs	450,000	610,000	1,025,156	415,156
Total Revenues	554,500	714,500	1,154,848	440,348
Expenditures				
Salaries	299,942	334,055	342,659	(8,604)
Benefits	111,422	121,501	117,416	4,085
Purchased Services	31,000	31,000	29,574	1,426
Supplies and Materials	181,000	286,000	336,590	(50,590)
Property	-	10,000	6,975	3,025
Commodities	25,000	-	-	-
Total Expenditures	648,364	782,556	833,214	(50,658)
Over Excess of Revenues (Under) Expenditures	(93,864)	(68,056)	321,634	389,690
Other Financing Sources				
Transfers In	100,000	-	-	-
Net Change in Fund Balance	6,136	(68,056)	321,634	389,690
Fund Balance, *Beginning of year*	54,041	248,553	248,553	-
Fund Balance, *Ending of year*	$ 60,177	$ 180,497	$ 570,187	$ 389,690

Elizabeth School District

Budgetary Comparison Schedule
Grants Fund
For the Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Variance *Positive (Negative)*
Revenues				
State Grants	$ 115,300	$ 134,000	$ 76,804	$ (57,196)
Federal Grants	212,000	246,000	232,777	(13,223)
Total Revenues	327,300	380,000	309,581	(70,419)
Expenditures				
Salaries	199,283	234,394	217,038	17,356
Benefits	43,472	43,472	8,634	34,838
Purchased Services	38,288	42,284	40,483	1,801
Supplies and Materials	26,257	39,850	24,672	15,178
Other	20,000	20,000	18,754	1,246
Total Expenditures	327,300	380,000	309,581	70,419
Net Change in Fund Balance	-	-	-	-
Fund Balance, *Beginning of year*	-	-	-	-
Fund Balance, *End of year*	$ -	$ -	$ -	$ -

Elizabeth School District
Budgetary Comparison Schedule
Athletics Fund
For the Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Variance *Positive (Negative)*
Revenues				
Charges for Services	$ 125,170	$ 125,170	$ 132,741	$ 7,571
Total Revenues	125,170	125,170	132,741	7,571
Expenditures				
Salaries	392,920	440,120	473,377	(33,257)
Benefits	125,000	137,800	143,588	(5,788)
Purchased Services	68,200	68,200	73,031	(4,831)
Supplies and Materials	23,650	23,650	19,280	4,370
Property	65,400	65,400	41,287	24,113
Other	50,000	50,000	47,494	2,506
Total Expenditures	725,170	785,170	798,057	(12,887)
Excess of Revenues Over (Under) Expenditures	(600,000)	(660,000)	(665,316)	(5,316)
Other Financing Sources				
Transfers In	600,000	660,000	660,000	-
Net Change in Fund Balance	-	-	(5,316)	(5,316)
Fund Balance, *Beginning of year*	37,254	83,213	83,213	-
Fund Balance, *End of year*	$ 37,254	$ 83,213	$ 77,897	$ (5,316)

Elizabeth School District
Budgetary Comparison Schedule
Student Activity Fund
For the Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Variance *Positive (Negative)*
Revenues				
Charges for Services	$ 600,000	$ 600,000	$ 407,891	$ (192,109)
Total Revenues	600,000	600,000	407,891	(192,109)
Expenditures				
Purchased Services	200,000	200,000	22,389	177,611
Supplies and Materials	400,000	400,000	305,415	94,585
Total Expenditures	600,000	600,000	327,804	272,196
Net Change in Fund Balance	-	-	80,087	80,087
Fund Balance, *Beginning of year*	299,742	354,917	354,917	-
Fund Balance, *End of year*	$ 299,742	$ 354,917	$ 435,004	$ 80,087

Elizabeth School District
Budgetary Comparison Schedule
Insurance Reserve Fund
For the Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Variance *Positive (Negative)*
Revenues				
Charges for Services	$ 1,830,000	$ 1,990,000	$ 1,347,566	$ (642,434)
Expenses				
Insurance Claims	1,830,000	1,990,000	1,730,372	259,628
Change in Net Position	-	-	(382,806)	(382,806)
Net Position, *Beginning of year*	1,077,406	601,726	601,726	-
Net Position, *End of year*	$ 1,077,406	$ 601,726	$ 218,920	$ (382,806)

Compliance Section

Single Audit

HINKLE & COMPANY PC
Strategic Business Advisors

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Board of Education
Elizabeth School District
Elizabeth, Colorado

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate discretely presented component unit and remaining fund information of the Elizabeth School District (the District) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the basic financial statements of the District, and have issued our report thereon dated December 8, 2022. The financial statements of Legacy Academy, a discretely presented component unit, were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

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Our consideration of the District's internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters
As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

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

Hinkle & Company, PC

Englewood, Colorado
December 8, 2022

HINKLE & COMPANY PC
Strategic Business Advisors

Independent Auditor's Report on Compliance for Each Major Federal Program, Internal Control over Compliance, and the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

Board of Education
Elizabeth School District
Elizabeth, Colorado

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Elizabeth School District's (the District) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2022. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

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

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

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

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

In performing an audit in accordance with GAAS, Government Auditing Standards, and the Uniform Guidance, we:

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

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

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

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

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

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

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance
We have audited the financial statements of the governmental activities, each major fund, and the aggregate discretely presented component unit and remaining fund information of the District as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the basic financial statements of the District. We issued our report thereon dated December 8, 2022, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance 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 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Hinkle & Company, PC

Englewood, Colorado
December 8, 2022

Elizabeth School District
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2022

Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal CFDA Number	Disbursements	Expenditures to Subrecipients
U.S. Department of Education				
Passed through Colorado Department of Education				
Title I Part A	4010	84.010	$ 152,305	$ -
Title II Part A	4367	84.367	49,583	-
Title IV A	4424	84.424A	11,019	-
ESSER	4425	84.425D	119,554	-
ESSER II	4420	84.425D	260,421	-
Special Education Cluster				
Special Education	4027	84.027	432,160	-
Special Education Preschool	4173	84.173	18,320	-
Special Education Cluster Subtotal			450,480	-
Passed through Colorado Community College System				
Career and Technical Education	4048	84.048	15,090	-
Total U.S. Department of Education			1,058,452	-
U.S. Department of Agriculture				
Child Nutrition Cluster				
Passed through Colorado Department of Education				
National School Lunch Program	4555	10.555	71,569	-
Summer Food Service Program for Children	4559	10.559	543,881	-
Passed through Colorado Department of Human Services				
Food Commodities		10.555	37,536	-
Total Child Nutrition Cluster			652,986	-
Total U.S. Department of Agriculture			652,986	-
U.S. Department of Treasury				
Passed through Colorado Department of Education				
Coronavirus Relief Fund K-12	4012	21.019	817,199	-
Coronavirus Relief Fund K-12 at Risk Pupils	5012	21.019	21,942	
Coronavirus Relief Fund SSRG	6012	21.019	50,496	
Total U.S. Department of Treasury			889,637	-
Total Federal Financial Assistance			$ 2,601,075	$ -

See Notes to Schedule of Expenditures of Federal Awards.

Elizabeth School District

Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2022

Note 1: Basis of Presentation

The accompanying schedule of expenditures of federal awards is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, using the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited to reimbursement. Therefore, some amounts presented in this schedule may differ from amounts presented in the financial statements.

Note 2: Noncash Programs

Commodities donated to the District by the U.S Department of Agriculture (USDA) of $37,536 are valued based on the USDA's Donated Commodity Price List. These are shown as part of the National School Lunch Program (10.555).

Note 3: Indirect Costs

The District does not charge a de minimis indirect cost rate.

Note 4: Subrecipients

The District did not pass through any federal funds to sub-recipients during the year ended June 30, 2022.

Elizabeth School District
Schedule of Findings and Questioned Costs
Year Ended June 30, 2022

Section I: Summary of Auditor's Results

Financial Statements
Type of report the auditor issued on whether the financial statements audited were prepared in accordance with accounting principles generally accepted in the United States of America (GAAP):

☒ Unmodified ☐ Qualified ☐ Adverse ☐ Disclaimed

Internal control over financial reporting:

• Material weaknesses identified?	☐ Yes	☒ No
• Significant deficiencies identified?	☐ Yes	☒ None Reported
Noncompliance material to the financial statements noted?	☐ Yes	☒ No

Federal Awards
Internal control over major federal programs:

• Material weaknesses identified?	☐ Yes	☒ No
• Significant deficiencies identified?	☐ Yes	☒ None Reported

Type of Auditor's report issued on compliance for major federal programs:

☒ Unmodified ☐ Qualified ☐ Adverse ☐ Disclaimed

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	☐ Yes	☒ No

Identification of major federal program:

CFDA Number	Name of Federal Cluster/Program
84.425D	Elementary and Secondary School Emergency Relief Fund
10.553, 10.555	Child Nutrition Cluster

Dollar threshold used to distinguish Between Type A and Type B programs: $750,000

Auditee qualified as low-risk auditee?	☒ Yes	☐ No

Section II: Financial Statement Findings

No current year findings or questioned costs were reported.

Section III: Federal Awards Findings and Questioned Costs

No current year findings or questioned costs were reported.

Elizabeth School District

Summary Schedule of Prior Audit Findings
Year Ended June 30, 2022

Findings June 30, 2021**: Required to be Reported by Uniform Guidance**

No matters are reportable.

State Compliance

Colorado Department of Education

Auditors Integrity Report

District: 0920 - Elizabeth School District
Fiscal Year 2021-22
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	4,320,796	22,497,514	23,308,175	3,510,135
18	Risk Mgmt Sub-Fund of General Fund	0	0	0	0
19	Colorado Preschool Program Fund	0	0	0	0
	Sub- Total	**4,320,796**	**22,497,514**	**23,308,175**	**3,510,135**
11	Charter School Fund	1,157,197	5,221,768	5,016,197	1,362,768
20,26-29	Special Revenue Fund	1,011,861	407,998	327,816	1,092,042
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	248,553	1,154,848	833,214	570,188
22	Govt Designated-Purpose Grants Fund	0	309,581	309,581	0
23	Pupil Activity Special Revenue Fund	83,213	792,740	798,056	77,896
25	Transportation Fund	0	0	0	0
31	Bond Redemption Fund	0	0	0	0
39	Certificate of Participation (COP) Debt Service Fund	0	0	0	0
41	Building Fund	0	0	0	0
42	Special Building Fund	0	0	0	0
43	Capital Reserve Capital Projects Fund	0	0	0	0
46	Supplemental Cap Const, Tech, Main Fund	0	0	0	0
	Totals	**6,821,621**	**30,384,449**	**30,593,039**	**6,613,030**
Proprietary					
50	Other Enterprise Funds	0	0	0	0
64 (63)	Risk-Related Activity Fund	601,726	0	382,806	218,919
60,65-69	Other Internal Service Funds	0	0	0	0
	Totals	**601,726**	**0**	**382,806**	**218,919**
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

*If you have a prior period adjustment in any fund (Balance Sheet 6880), the amount of your priorperiod adjustment is added into both your ending and beginning fund balances on this report.