East Grand School District No. 2

Annual Financial Report

June 30, 2022

East Grand School District No. 2
Annual Financial Report
June 30, 2022

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McMahan and Associates, L.L.C.
Certified Public Accountants and Consultants

Chapel Square, Bldg C
245 Chapel Place, Suite 300
P.O. Box 5850, Avon, CO 81620

Web Site: www.mcmahancpa.com
Main Office: (970) 845-8800
Facsimile: (970) 845-8108
E-mail: mcmahan@mcmahancpa.com

INDEPENDENT AUDITOR'S REPORT

To the Board of Education
East Grand School District No. 2
Granby, Colorado

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of East Grand School District No. 2, Colorado (the "District"), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of June 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("U.S. 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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. GAAP; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

U.S. GAAP require Management's Discussion and Analysis in Section B, the Schedule of the District's Proportionate Share of the Net Pension Liability, Schedule of District Pension Contributions, Schedule of District's Proportionate Share of the Other Post-Employment Benefits Liabilities, Schedule of District's Other Post-Employment Benefit Contributions, and the Notes to the Required Supplemental Information in Section E, 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 section B in accordance with U.S. GAAS, 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.

Required Supplementary Information (continued)

The budgetary comparison information in section E is not a required part of the basic financial statements but is supplementary information required by U.S. GAAP. The budgetary comparison information in section E is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 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 U.S. GAAS. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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 combining fund financial statements, individual budgetary schedules, the Colorado Department of Education Auditor's Electronic Data Integrity Check Figures, and the Schedule of Expenditures of Federal Awards as required by *Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* included in the Single Audit Section listed in the accompanying table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining fund financial statements, individual budgetary schedules, the Colorado Department of Education Auditor's Electronic Data Integrity Check Figures, and the Schedule of Expenditures of Federal Awards listed in the accompanying 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 U.S. GAAS. In our opinion, the combining fund financial statements, individual budgetary schedules, the Colorado Department of Education Auditor's Electronic Data Integrity Check Figures, the statistical section, and the Schedule of Expenditures of Federal Awards listed in the accompanying 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 5, 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 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 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 on compliance.

McMahan and Associates, L.L.C.

McMahan and Associates, L.L.C.
Avon, Colorado
December 5, 2022

East Grand School District No. 2

Management's Discussion and Analysis

East Grand School District No. 2
Management's Discussion and Analysis
As of and for the Fiscal Year Ended June 30, 2022

As management of the East Grand School District No. 2 (the "District"), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2022.

Financial Highlights

- The liabilities of the District exceeded its assets at year-end by $1,138,157. This deficit net position is primarily the result of the District's share of PERA's net pension and post-employment health benefit liabilities.

- The District's total net position increased by $9,752,348. This is primarily related to the current year change in the District's pension and post-employment health benefit liabilities.

- At the close of the current fiscal year, the District's governmental funds reported combined ending fund balance of $105,970,868, which increased $95,388,567 from the prior year. The overall increase is primarily due to the issuance of general obligation bonds in the Building Fund.

- At the end of the current fiscal year, the total fund balance for the General Fund was $5,498,520 or 30% of total General Fund expenditures and transfers of $18,169,120. The District has continued to weather the economic challenges facing the state of Colorado and its ability to fund education. The District's General Fund includes the Insurance Reserve Fund, as required by the Colorado Department of Education.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: 1) district-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

District-wide Financial Statements: The district-wide financial statements are designed to provide readers with a broad overview of the District's finances, using accounting methods similar to those used by a private-sector business.

The Statement of Net Position presents information on all of the District's assets and deferred outflows of resources; liabilities and deferred inflows of resources; and the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The Statement of Activities presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and changes in long-term compensated absences).

Both of the district-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities).

The district-wide financial statements can be found on pages C1 and C2 of this report.

Fund Financial Statements: A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The fund financial statements provide more detailed information about the operations of the District by fund, instead of the District as a whole. All of the funds of the District are governmental funds.

Governmental Funds: Governmental funds are used to account for essentially the same functions reported as governmental activities in the district-wide financial statements. However, unlike the district-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as, on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the district-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the district-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund Balance Sheet and the Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains eight individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, Food Service Fund, Designated Purpose Grants Fund, Bond Redemption Fund, Building Fund, and Capital Reserve Capital Projects Fund, which are considered to be major funds. Data from the other two governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these two non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The District adopts an annual appropriated budget for all of its funds. Budgetary comparison schedules have been provided to demonstrate compliance with state budget statutes and are included in Sections E and F of this report.

The basic major governmental fund financial statements can be found on pages C3 through C6.

Notes to the Financial Statements: The notes provide additional information that is essential to a full understanding of the data provided in the district-wide and fund financial statements. The Notes to the Financial Statements can be found in Section D of this report.

Other Information: In addition to the basic financial statements and accompanying notes, this report also presents supplementary information. The combining statements referred to earlier in connection with non-major governmental funds are presented following the notes. Combining fund statements and schedules can be found on pages F4 and F5 of this report.

District-wide Financial Analysis:

As noted earlier, net position may serve over time as a useful indicator of a District's financial position. In the case of the District, liabilities and deferred inflows of resources exceed assets and deferred outflows of resources by $1,138,157 at year end.

East Grand School District No. 2 Summary of Net Position:

	Governmental Activities	
	2022	2021
Assets:		
Current and other assets	$ 109,715,438	$ 12,684,605
Capital assets	35,762,664	33,616,741
Total Assets	145,478,102	46,301,346
Deferred Outflows of resources	8,021,831	11,997,847
Liabilities:		
Other liabilities	4,130,553	2,253,861
Long-term liabilities	141,005,789	54,962,964
Total Liabilities	145,136,342	57,216,825
Deferred Inflows of resources	9,501,748	11,972,873
Net Position:		
Net Investment in capital assets	11,052,348	9,893,639
Restricted	7,407,034	4,356,008
Unrestricted	(19,597,539)	(25,140,152)
Total Net Position	$ (1,138,157)	$ (10,890,505)

Of the District's total net position, $11,052,348 reflects its investment in capital assets (e.g., land, buildings and equipment, etc.) less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to its students and the community; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from property taxes, since the capital assets themselves cannot be used to liquidate these liabilities.

The District's long-term liabilities increased due to the issuance of $85,000,000 in general obligation bonds in the Building Fund.

District-wide Financial Analysis (continued):

East Grand School District No. 2 Changes in Net Position:

	Governmental Activities	
	2022	2021
Revenues:		
Program revenues		
Charges for services	$ 189,952	$ 97,891
Operating grants and contributions	2,460,934	3,006,192
Capital grants and contributions	128,481	1,479,606
General revenues		
Property taxes	21,190,850	14,544,082
Specific ownership taxes	1,196,457	1,104,334
State revenue	442,084	1,735,127
Investment earnings	(129,932)	15,055
Other	1,705,615	1,358,615
Total revenues	27,184,441	23,340,902
Expenditures:		
Direct instruction	8,285,681	6,777,000
Indirect instruction	1,683,528	2,048,232
Transportation	661,667	616,843
Custodial maintenance	1,908,177	1,884,237
Support services	293,018	200,603
General administration	1,440,377	1,205,352
Student activities	900,919	672,291
Interest	1,672,979	867,572
Food services	585,747	504,910
Total Expenses	17,432,093	14,777,040
Change in net position	9,752,348	8,563,862
Net position - July 1	(10,890,505)	(19,454,367)
Net position - June 30	$ (1,138,157)	$ (10,890,505)

Governmental Activities: As indicated above, governmental activities changed the District's net position by $9,752,348. Key elements of this change are as follows:

- The net change in the net pension liability and related deferred inflows and outflows of resources resulted in pension revenue ($7,081,189) allocated to the above expenses in relation to salary costs.
- The District experienced a significant increase in property tax revenues of $6,646,768.

Financial Analysis of the District's Funds

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

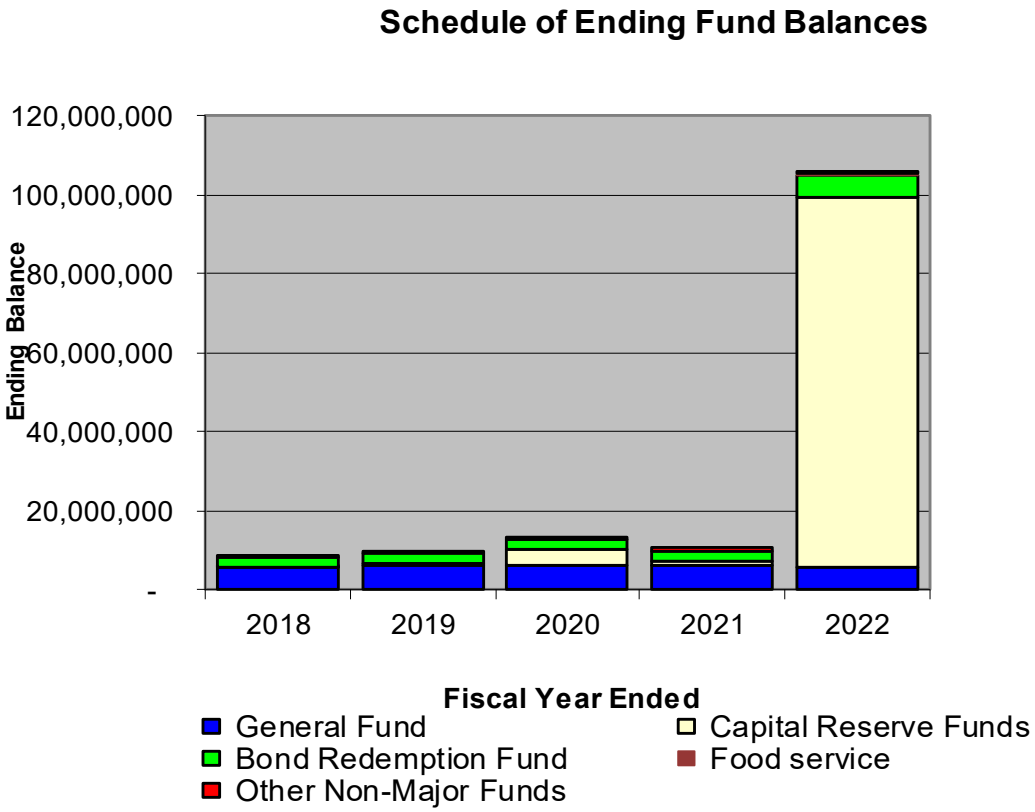
Governmental Funds: The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balances may serve as a useful measure of the District'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 combined ending fund balances of $105,970,868 which increased by $95,388,567 from the prior year ending fund balances. The majority of this increase is related to the issuance of general obligation bonds.

- Of the ending fund balance a portion is restricted to servicing required debt principal and interest payments, as well as the required 3% TABOR emergency reserve.

Fund Balance Trending:

The following graph provides a view of the District's ending fund balances for the last five fiscal years:



As shown above in the bar graph the District's Capital Reserve ending fund balance increased due to the issuance of general obligation bonds which will be spent down in future years.

Budget Variances in the General Fund: The District's budget is prepared according to Colorado law and is based on accounting for certain transactions on a basis of cash receipts and disbursements. The most significant budgeted fund is the General Fund. Generally, the most important variances to discuss are those between the budgeted and actual revenues and expenditures in the General Fund

	Variance Positive (Negative)	Reason
REVENUES		
Taxes:		
Property taxes	$ 1,741,952	Increase in mill levies
Specific ownership taxes	301,970	Conservative budget
Intergovernmental - State revenue	(1,351,898)	Lower state equalization for increase in property tax
Interest income	(84,224)	Significant decrease in bond yields
EXPENDITURES		
Direct instruction	126,895	Due to increased grants covering salary cost
Indirect instruction	107,729	Due to increased grants covering salary costs on grant fund
Transportation	144,260	Position vacancies and conservative budget for fuel costs
General administration	100,291	Anticipated election expenses not needed

Budget Amendments

The District made budget appropriation amendments during the year. Comparative information can be found in the E and F sections of this report.

Capital Assets: The District's governmental capital assets, net of accumulated depreciation, totaled $35,530,529 as of June 30, 2022. The District capitalizes assets, including land, buildings and improvements, vehicles, equipment, and construction in progress, with an original cost greater than $5,000 and useful life of more than two years.

Additional information, as well as a detailed classification of the District's net capital assets can be found in the Notes to the Financial Statement in section D of this report.

Long-Term Debt: As of the end of the current fiscal year, the District's long-term debt totaled $141,005,789.

Additional information, as well as, a detailed classification of the District's total long-term liabilities, can be found in the Notes to the Financial Statements in section D of this report.

Economic Factors and Outlook

Property valuation in Grand County remains relatively flat and District pupil counts have stabilized or increased slightly since the pandemic years.

Request for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to East Grand School District No. 2, Business Services, P.O. Box 125, Granby, Colorado 80446.

East Grand School District No. 2

Basic Financial Statements

East Grand School District No. 2
Statement of Net Position
June 30, 2022

ASSETS	Governmental Activities
Cash and cash equivalents - unrestricted	453,324
Investments - unrestricted	7,568,882
Investments - restricted	99,854,407
Accounts, taxes, and interest receivable	1,508,946
Grants receivable	505,384
Prepaid items	52,392
Inventory	4,239
Total current assets	109,947,574
Capital assets:	
Construction in progress	3,240,746
Land	524,414
Buildings and improvements	65,068,241
Equipment	1,267,070
Vehicles	2,135,986
Less: Accumulated depreciation	(36,705,928)
Total capital assets	35,530,529
Total assets	145,478,103
DEFERRED OUTFLOW OF RESOURCES	
Deferred charges on refunding, net	1,466,012
Items related to pension	6,323,684
Items related to post employment health benefits	232,135
Total deferred outflows of resources	8,021,831
LIABILITIES	
Current liabilities:	
Accounts, retainage, arbitrage & deposits payable	1,409,600
Accrued compensation	2,235,036
Accrued interest	255,353
Unearned revenue	230,565
Total current liabilities	4,130,554
Noncurrent liabilities:	
Compensated absences	473,777
Bonds and capital leases	
Due within one year	2,942,548
Due in more than one year	116,235,821
Other liabilities - due in more than one year	
Pension	20,368,221
Post employment health benefits	985,422
Total noncurrent liabilities	141,005,789
Total liabilities	145,136,343
DEFERRED INFLOW OF RESOURCES	
Items related pension	9,151,163
Items related to post employment health benefits	350,585
Total deferred inflows of resources	9,501,748
EQUITY	
Net Investment in Capital Assets	11,052,348
Restricted for:	
TABOR	607,000
Capital projects	1,054,129
Other purposes	219,413
Debt service	5,526,492
Unrestricted	(19,597,539)
Total net position	(1,138,157)

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

East Grand School District No. 2
Statement of Activities
For the Year Ended June 30, 2022

Functions/Programs:	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expenses) Revenue and Changes in Net Position: Governmental Activities
Primary Government					
Governmental Activities:					
Direct instruction	8,285,681	33,735	654,601	-	(7,597,345)
Indirect instruction	1,683,528	-	253,678	-	(1,429,850)
Transportation	661,667	21,517	149,640	-	(490,510)
Custodial and maintenance	1,908,177	-	-	128,481	(1,779,696)
Support services	293,018	-	274,091	-	(18,927)
General administration	1,440,377	-	-	-	(1,440,377)
Student activities	900,919	106,315	327,251	-	(467,353)
Food service	585,747	28,385	801,673	-	244,311
Interest	1,672,979	-	-	-	(1,672,979)
Total governmental activities	17,432,093	189,952	2,460,934	128,481	(14,652,726)

General revenues:	
Taxes	
Local property taxes levied for general purposes	13,948,595
Local property taxes levied for debt payments	6,929,017
Local property taxes levied for transportation	313,238
Specific ownership taxes	1,196,457
State equalization revenue	442,084
Grants and contributions not restricted to specific programs	1,705,615
Interest and investment earnings	(129,932)
Total general revenues and transfers	24,405,074
Change in net position	9,752,348
Net position, beginning	(10,890,505)
Net position, ending	(1,138,157)

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

East Grand School District No. 2
Balance Sheet
Governmental Funds
June 30, 2022

ASSETS AND OTHER DEBITS	General Fund	Food Service Fund	Designated Purpose Grant Fund	Bond Redemption Fund	Building Fund	Capital Reserve Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Assets:								
Cash and cash equivalents - unrestricted	50,012	76,717	-	-	10,323	-	316,272	453,324
Investments - unrestricted	6,116,537	-	599,950	-	-	496,829	355,566	7,568,882
Investments - restricted	-	-	-	5,382,547	94,471,860	-	-	99,854,407
Accounts, taxes, and interest receivable	686,349	623	22,847	326,620	-	353,603	17,401	1,407,443
Grants receivable	-	190,535	301,557	-	13,292	-	-	505,384
Prepaid items	50,822	-	-	-	-	-	1,570	52,392
Inventory	-	4,239	-	-	-	-	-	4,239
Due from other funds	733,194	24,044	-	-	-	-	-	757,238
Total assets and other debits	7,636,914	296,158	924,354	5,709,167	94,495,475	850,432	690,809	110,603,309
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES								
Liabilities:								
Accounts and other current payables	143,465	1,371	21,922	-	1,237,684	-	5,158	1,409,600
Accrued compensation	1,994,929	45,901	151,847	-	-	-	42,361	2,235,038
Unearned revenue	-	14,137	216,428	-	-	-	-	230,565
Due to other funds	-	-	534,157	182,675	40,406	-	-	757,238
Total liabilities	2,138,394	61,409	924,354	182,675	1,278,090	-	47,519	4,632,441
Fund balances:								
Non-spendable	50,822	4,239	-	-	-	-	1,570	56,631
Spendable:								
Restricted	607,000	-	-	5,526,492	-	-	-	6,133,492
Committed	161,167	230,510	-	-	93,217,385	850,432	641,720	95,101,214
Assigned	55,512	-	-	-	-	-	-	55,512
Unassigned	4,624,019	-	-	-	-	-	-	4,624,019
Total fund balances	5,498,520	234,749	-	5,526,492	93,217,385	850,432	643,290	105,970,868
balances	7,636,914	296,158	924,354	5,709,167	94,495,475	850,432	690,809	110,603,309

The notes to the financial statements are an integral part of this statement.

East Grand School District No. 2
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2022

Governmental Funds Total Fund Balance		105,970,868
Property taxes receivable will be collected this calendar year, but are not available soon enough to pay for the current period's expenditures, and therefore, are deferred in the funds.		101,503
Capital assets used in governmental activities are not considered current financial resources and, therefore, are not reported in the governmental funds:		
Capital assets	72,236,457	
Accumulated depreciation	(36,705,928)	35,530,529
Deferred charges such as bond issuance costs, deferred refunding costs, and premiums and discounts on bonded debt, are treated as current transactions on the fund financial statements, but are capitalized and amortized on the Statement of Net Position:		
Deferred refunding costs	1,466,012	
Premiums and discounts on bonded debt	(18,171,190)	(16,705,178)
Long-term liabilities, including bonds payable, accrued compensated absences, leases payable, and accrued interest are not due and payable in the current period and therefore, are not reported in the funds. This is the amount of District long-term liabilities:		
Bond debt and interest coupons	(100,255,000)	
Accrued compensated absences	(473,777)	
Leases payable	(752,179)	
Accrued interest	(255,351)	(101,736,307)
Long-term liabilities, including net pension and post employment health benefits obligations, are not due and payable in the current period and therefore are not reported in the funds. This is the amount of the District's net pension and post employment health benefits liabilities, adjusted for changes in pension and post employment health benefits related actuarial assumptions, proportion of collective pension and post employment health benefits amounts, differences between actual and expected experience and investments earnings, and differences between actual and annualized contributions to the pension and post employment health benefits plans, that are amortized over the average remaining service life of all active and inactive plan participants.		
Deferred outflows of resources - pension	6,323,684	
benefits	232,135	
Net pension liability	(20,368,221)	
Post employment health benefits liability	(985,422)	
Deferred inflows of resources - pension	(9,151,163)	
benefits	(350,585)	(24,299,572)
Governmental Activities Net Position		(1,138,157)

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

East Grand School District No. 2
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2022

	General Fund	Food Service Fund	Designated Purpose Grant Fund	Bond Redemption Fund	Building Fund	Capital Reserve Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
REVENUES								
Taxes:								
Property taxes	13,944,148	-	-	6,929,017	-	-	313,238	21,186,403
Specific ownership taxes	1,175,170	-	-	-	-	-	21,287	1,196,457
Intergovernmental - State revenue	971,987	3,244	625,478	-	128,481	-	149,640	1,878,830
Intergovernmental - Federal revenue	1,269,371	798,429	541,270	-	-	-	-	2,609,070
Interest income	25,776	-	-	-	(155,708)	-	-	(129,932)
Other	288,226	28,385	134,678	1,704		115,223	433,567	1,001,783
Total revenues	17,674,678	830,058	1,301,426	6,930,721	(27,227)	115,223	917,732	27,742,611
EXPENDITURES								
Direct instruction	10,710,740	-	367,573	-	-	-	173,185	11,251,498
Indirect instruction	1,701,772	-	811,106	-	-	-	-	2,512,878
Transportation	110,786	-	-	-	-	-	571,293	682,079
Custodial and maintenance	2,126,841	-	122,747	-	-	-	-	2,249,588
Support services	421,221	-	-	-	-	-	-	421,221
General administration	2,013,260	-	-	-	-	-	782	2,014,042
Student activities	-	-	-	-	-	-	727,734	727,734
Food service	-	732,571	-	-	-	-	-	732,571
Debt service:								
Principal	-	-	-	2,185,000	-	103,196	-	2,288,196
Interest and fiscal charges	-	-	-	1,851,671	565,274	106,327	-	2,523,272
Other	-	-	-	57,147	-	-	-	57,147
Capital outlay	-	-	-	-	3,688,508	646,944	1,048	4,336,500
Total expenditures	17,084,620	732,571	1,301,426	4,093,818	4,253,782	856,467	1,474,042	29,796,726
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	590,058	97,487	-	2,836,903	(4,281,009)	(741,244)	(556,310)	(2,054,115)
OTHER FINANCING SOURCES (USES)								
Issuance of debt	-	-	-	3,070,000	85,000,000	-	-	88,070,000
Premium on debt issuance	-	-	-	-	18,432,877	-	-	18,432,877
Payment to escrow agent	-	-	-	(3,014,100)	(6,046,095)	-	-	(9,060,195)
Transfers in (out)	(1,084,500)	-	-	-	-	537,546	546,954	-
Total other financing sources (uses)	(1,084,500)	-	-	55,900	97,386,782	537,546	546,954	97,442,682
NET CHANGE IN FUND BALANCES	(494,442)	97,487	-	2,892,803	93,105,773	(203,698)	(9,356)	95,388,567
FUND BALANCES, BEGINNING	5,992,962	137,262	-	2,633,689	111,612	1,054,130	652,646	10,582,301
FUND BALANCES, ENDING	5,498,520	234,749	-	5,526,492	93,217,385	850,432	643,290	105,970,868

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

East Grand School District No. 2
Reconciliation of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
June 30, 2022

Governmental Funds Change in Fund Balances	95,388,567
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount of capital outlays reported as expenditures in the governmental funds.	3,894,137
Debt principal payments result in a reduction of accumulated resources on the fund financial statements. The government-wide statements show these payments as reductions against long-term liabilities.	11,348,391
Debt proceeds represent an increase in current available resources in the fund financial statements. These proceeds represent an increase in liabilities on the government wide financial statements. This represents the total debt proceeds, including capital leases, issued during the year.	(106,502,875)
Accrued compensated absences 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 is the change in accrued compensated absences during the year.	(24,319)
Amortization of deferred costs such as premium and discounts and deferred charges from refunding and changes in accrued interest have no impact on current available resources but do change government-wide net position.	850,292
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount of depreciation expense reported as an expenditure in the governmental activities' functions.	(1,824,026)
Change in the District's net pension obligation 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 is the change in the District's net pension obligation during the year, including differences between District contributions to the pension plan and amortization of pension-related deferrals.	6,523,019
Changes in the District's net post employment health benefits obligation 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 is the change in District's net post employment health benefits obligation during the year, including differences between District contributions to the plan and amortization of post employment health benefits related deferrals.	99,162
Governmental Activities Change in Net Position	9,752,348

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

East Grand School District No. 2

Notes to the Basic Financial Statements

I. Summary of Significant Accounting Policies

The East Grand School District No. 2 (the "District") was formed in 1893 and is located in Colorado's central Rocky Mountains. More specifically, the District is located in the eastern portion of Grand County. The District provides services to approximately one thousand two hundred ninety eight (1,298) students. The District's mission is *"As a result of our efforts, students will graduate as self-reliant and productive citizens, prepared to pursue the careers of choice through further education and training."* The District operates the following schools:

Elementary Schools	Middle School	High School
Fraser Valley Elementary	East Grand Middle School	Middle Park High School
Granby Elementary		

The District's financial statements are prepared in accordance with generally accepted accounting principles ("GAAP"). The Governmental Accounting Standards Board ("GASB") is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established by GAAP used by the District are discussed below.

A. Reporting Entity

The District was formed under the laws of the State of Colorado and operates under an elected Board of Education. As required by GAAP, the financial statements of the reporting entity include those of the District and any component units, entities for which the District is considered to be financially accountable. The District is considered financially accountable for legally separate organizations if it is able to appoint a voting majority of an organization's governing body and is either able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the District. Consideration is also given to organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Based upon the above criteria, the District is not financially accountable for any other organization. No additional separate governmental units, agencies or nonprofit organizations are included in the financial statements of the District.

The District receives funding from local, state, and federal government sources and must comply with all the requirements of these funding sources. However, the District is not included in any other governmental reporting entity.

B. Government-wide and Fund Financial Statements

The District's basic financial statements include both district-wide (financial activities of the overall District, except for fiduciary activities) and fund financial statements (reporting the District's major funds). For the most part, the effect of interfund activity has been removed from these statements. Both the district-wide and fund financial statements categorize primary activities as governmental. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions.

I. Summary of Significant Accounting Policies (continued)

B. Government-wide and Fund Financial Statements (continued)

1. District-wide Financial Statements

In the district-wide Statement of Net Position, both the governmental activities columns are (a) presented on a consolidated basis by column, and (b) reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net position is reported in three parts - invested in capital assets, net of related debt; restricted net position; and unrestricted net position.

The district-wide Statement of Activities reports both the gross and net cost of the District's functions. The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. The net costs, by function, are normally covered by general revenue (property taxes, interest income, etc.).

The district-wide focus is on the sustainability of the District as an entity and the change in the District's net position resulting from the current year's activities.

2. Fund Financial Statements

The financial transactions of the District are reported in individual funds in the fund financial statements, including fiduciary funds. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The fund focus is on current available resources and budget compliance.

The District reports the following Fund Types and major governmental funds:

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

Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The term "proceeds of specific revenue sources" establishes that one or more specific restricted or committed revenues should be the foundation for a special revenue fund. Grant proceeds are the committed revenues used to establish the funds. The District reports the following funds as major special revenue funds:

The *Designated Purpose Grant Fund* accounts for all federal, state and local grants, which are restricted as to the type of expenditures for which they may be used.

The *Food Service Fund* accounts for the activities of the District's school lunch programs.

I. Summary of Significant Accounting Policies (continued)

B. Government-wide and Fund Financial Statements (continued)

2. Fund Financial Statements (continued)

Capital Projects Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. Capital projects funds exclude those types of capital-related outflows financed by proprietary funds or for assets that will be held in trust for individuals, private organizations, or other governments. The District reports the following funds as major capital projects funds:

The *Capital Reserve Capital Projects Fund* is used to account for the acquisition of land, construction of new facilities, alterations and improvements to existing structures, and the acquisition of school buses and/or other equipment

The *Building Fund* accounts for all resources available from bond proceeds for acquiring capital sites, buildings, and equipment.

Debt Service Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. Debt service funds should be used to report resources if legally mandated. Financial resources that are being accumulated for principal and interest maturing in future years also should be reported in debt service funds. The District reports the Bond Redemption Fund as a major debt service funds.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Measurement focus refers to whether financial statements measure changes in current resources only (current financial focus) or changes in both current and long-term resources (long-term economic focus). Basis of accounting refers to the point at which revenues, expenditures, or expenses are recognized in the accounts and reported in the financial statements. Financial statement presentation refers to classification of revenues by source and expenses by function.

1. Long-term Economic Focus and Accrual Basis

The governmental activities in the government-wide financial statements, and the fiduciary fund financial statements use the long-term economic focus and are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of the related cash flows. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

I. Summary of Significant Accounting Policies (continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

2. Current Financial Focus and Modified Accrual Basis

The governmental fund financial statements use the current financial focus and are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. The District considers all revenues reported in governmental funds to be available if they are collected within sixty days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term liabilities are reported as other financing sources.

3. Financial Statement Presentation

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating 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. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. The District does not have any proprietary funds.

D. Financial Statement Accounts

1. Cash, Cash Equivalents, and Investments

Cash and cash equivalents are defined as demand deposits which can be withdrawn at any time without notice or penalty and investments with original maturities of three months or less and insured by the Federal Deposit Insurance Corporation ("FDIC") and the Public Deposit Protection Act ("PDPA") for amount in excess of FDIC.

Investments are stated at fair value or net asset value. The change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

1. Cash, Cash Equivalents, and Investments (continued)

The District permits investments in the following type of obligations which corresponds with state statues:

- Local government investment pools
- Obligations of the United States government, including but not limited to U.S. Treasurer bills, notes and bonds
- Repurchase agreements
- Time certificates of deposit or savings accounts
- Government entity investment pools

2. Receivables

Receivables are reported net of an allowance for uncollectible accounts.

3. Property Taxes

Property taxes are assessed in one year as a lien on the property, but not collected by governmental units until the subsequent year. In accordance with generally accepted accounting principles, the assessed but uncollected property taxes have been recorded as a receivable on the fund financial statements.

4. Inventories

Inventories are valued at cost, which approximates market, using the first-in/first-out (“FIFO”) method.

5. Interfund Receivables and Payables

Balances at year-end between funds are reported as “due to / from other funds” in the fund financial statements.

6. Deferred Charges on Refunding

Refunding costs for bonds are deferred and amortized over the term of the refunded debt using the bonds outstanding method.

7. Capital Assets

Capital assets, which include construction-in-progress, land, buildings and improvements, vehicles, and equipment, are reported in the governmental activities column in the government-wide financial statements. The District defines capital assets as assets with an initial cost of $5,000 or more and an estimated useful life in excess of two years. Such assets are recorded at historical cost. Donated capital assets are recorded at acquisition value.

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

7. Capital Assets (continued)

Capital outlay for projects is capitalized as projects are constructed. Interest incurred during the construction phase is expensed.

Buildings and improvements, vehicles, and equipment are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings and improvements	5 - 35
Vehicles	7
Equipment	5

8. Compensated Absences

Earned but unused sick and personal leave benefits are accrued when incurred in the district-wide financial statements.

9. Interfund Transactions

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures or expenses initially made from it that are properly applicable to another fund, are recorded as expenditures or expenses in the reimbursing fund and as reductions of expenditures or expenses in the fund that is reimbursed. All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers.

10. Pensions

The District participates in the School Division Trust Fund (the “SCHDTF”), a cost-sharing multiple-employer defined benefit pension fund 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 and additions to / deductions from the fiduciary net position 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.

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

11. Health Care Trust Fund – Defined Benefit Other Post Employment Benefit Plan ("OPEB")

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

12. Deferred Outflows of Resources and Deferred Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense / expenditure) until then. The District has three items that qualify for reporting in this category. They are the deferred charges on refunding reported in the government-wide statement of net position, pension and OPEB related deferred outflows of resources. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized using the bonds outstanding amortization method. The collective deferred outflows of resources related to the District's net pension and OPEB obligations are related to pension and OPEB contributions made after the measurement date, and the net difference between projected and actual earnings recognized as a reduction of the net pension and OPEB liabilities in future periods.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has two items that qualify for this type of reporting, pension and OPEB related deferred inflows. Collective deferred inflows of resources related to the District's net pension and OPEB obligations are reported on the statement of net position and are amortized over the average service lives of participants.

See Notes IV. F and IV. G. below for discussion on pension and OPEB related deferred outflows and inflows of resources.

I. Summary of Significant Accounting Policies (continued)

E. Significant Accounting Policies

1. Use of Estimates

The preparation of financial statements in conformity with GAAP requires the District's management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenues and expenditures or expenses during the reporting period. Actual results could differ from those estimates.

2. Categories and Classification of Fund Balance

Governmental accounting standards establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Fund balance classifications, include Non-spendable, Restricted, Committed, Assigned, and Unassigned. These classifications reflect not only the nature of funds, but also provide clarity to the level of restriction placed upon fund balance. Fund Balance can have different levels of restraint, such as external versus internal compliance requirements. Unassigned fund balance is a residual classification within the general fund. The general fund should be the only fund that reports a positive unassigned balance. In all other funds, unassigned is limited to negative residual fund balance. For further details of the various fund balance classifications refer to Note IV. H.

3. Restricted and Unrestricted Resources

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

II. Reconciliation of District-wide and Fund Financial Statements

The governmental fund Balance Sheet includes reconciliation between *fund balance – total governmental funds and net position of governmental activities* as reported in the District-wide Statement of Net Position. Additionally, the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances includes reconciliation between *net change in fund balances – total governmental funds and change in net position of governmental activities* as reported in the District-wide Statement of Activities.

III. Stewardship, Compliance, and Accountability

A. Budgetary Information

Budgets are adopted on a basis consistent with generally accepted accounting principles. As required by Colorado Statutes, all funds have legally adopted budgets and appropriations. The total expenditures for each fund may not exceed the amount appropriated. Appropriations for a fund may be increased if unanticipated revenues offset them. All appropriations lapse at year-end.

As required by Colorado Statutes, the District followed the required timetable noted below in preparing, approving, and enacting its budget for 2022.

1. The proposed budget was submitted to the Board of Education by May 31 of the year preceding the budget year. The proposed budget must include a description of major educational objectives and how the proposed budget fulfills those objectives.

2. Notice was published within ten (10) days which contained: availability of proposed budget for inspection, date and time of budget adoption meeting, and that any County taxpayer may file objections prior to the adoption of the budget.

3. The Board of Education certified revenue requirements to the local County Commissioners prior to December 15.

4. The final budget was adopted prior to June 30, along with an appropriation resolution.

During the year, supplemental appropriations were necessary. The budgetary comparison schedules reflect the original budget and the final budget after legally authorized revisions were made.

For the year ended June 30, 2022, expenditures exceed appropriations as follows:

Fund	Amount
Food Service Fund	$ 163,992
Grants Fund	547,732
Debt Service Fund	1,252,343
Capital Reserve Fund	222,493
Pupil Activity Fund	236,239
Transportation Fund	90,569

The District maintains an operating reserve of the general fund unassigned balance amounting to 15% of the District's current fiscal year adopted expenditure budget as a beneficial and sound financial management practice. Additionally, the Board directs the Superintendent or designee to budget an amount as necessary and available each year to the capital reserve account for capital outlay expenditures. The amount transferred from the general fund may be reduced by any money collected from the sale of land, buildings, or both or any payments collected from the dedication of lands or voluntary contributions from a developer.

III. Stewardship, Compliance, and Accountability (continued)

B. TABOR Amendment

In November 1992, Colorado voters amended Article X of the Colorado Constitution by adding Section 20; commonly known as the Taxpayer's Bill of Rights ("TABOR"). TABOR contains revenue, spending, tax and debt limitations that apply to the State of Colorado and local governments. TABOR required, with certain exceptions, advance voter approval for any new tax, tax rate increase, mill levy above that for the prior year, extension of any expiring tax, or tax policy change directly causing net tax revenues gain to any local government. Any revenues earned in excess of the fiscal year spending limit must be refunded in the next fiscal year unless voters approve retention of such excess revenue.

Except for refinancing bonded debt at a lower interest rate or adding new employees to existing pension plans, TABOR requires advance voter approval for the creation of any multiple fiscal year debt or other financial obligation unless adequate present cash reserves are pledged irrevocably and held for payments in all future fiscal years.

TABOR also requires local governments to establish emergency reserves to be used for declared emergencies only. Emergencies, as defined by TABOR, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. These reserves are required to be 3% or more of fiscal year spending. The District has reserved $607,000 of its June 30, 2022 year-end General Fund balance for emergencies as required under TABOR.

On November 8, 1994, the District's electorate approved to the following ballot measure:

> *"Shall the East Grand School District No. 2 taxes be increased $650,000 annually for [the] current budget year and each budget year thereafter, by authorizing the District to impose an additional property tax mill levy of not more than 5 mills for the District's General Fund for the current budget year and each budget year thereafter; and shall the District be authorized to collect and spend all revenues from said tax increase and any earnings from the investment of such revenues without limitation or condition and without limiting the collection or spending of any other revenues or funds by the District under Article X, Section 20 of the Colorado Constitution or any other law, such amounts to constitute voter-approved revenue and spending changes pursuant to said Article X, Section 20 of the Colorado Constitution?"*

The District believes it is in compliance with the requirements of the TABOR Amendment. However, the Amendment is complex and subject to interpretation. Many of its provisions will require judicial interpretation.

IV. Detailed Notes on All Funds

A. Deposits and Investments

The District's deposits are entirely covered by the Federal Deposit Insurance Corporation (the "FDIC") or by collateral held under Colorado's Public Deposit Protection Act (the "PDPA"). The FDIC insures the first $250,000 of the District's deposits at each financial institution. Deposit balances over $250,000 are collateralized as required by PDPA. As of year-end, $107,876,613 is the carrying amount of the District's cash and investments.

IV. Detailed Notes on All Funds (continued)

A. Deposits and Investments (continued)

At year end, the District had the following cash and investments with the following maturities:

Type:	Standard and Poor's Credit Rating	Carrying Amount	Maturities: Less Than One Year	Maturities: Less Than Five Years
Deposits:				
Petty cash	Not Rated	$ 5,582	$ 5,582	$ -
Checking accounts	Not Rated	447,742	447,742	-
Investments:				
Investment pool	AAAm	18,830,745	18,830,745	-
Corporate bonds	AA	1,490,171	-	1,490,171
Certificates of Deposit	A-1+	4,751,889	4,751,889	-
Commercial paper	A-1	28,230,724	28,230,724	-
U.S. Treasuries	AA+	54,119,760	6,383,179	47,736,581
		$ 107,876,613	$ 58,649,861	$ 49,226,752

Investments Measured at Fair Value	Total	Fair Value Measurements Using: Level 1	Level 2	Level 3
Corporate bonds	$ 1,490,171	-	1,490,171	-
Negotiable certificates of deposit	4,751,889	-	4,751,889	-
Commercial paper	28,230,724	-	28,230,724	-
U.S. Treasuries	54,119,760	54,119,760	-	-
Total	$ 88,592,544	54,119,760	34,472,784	-

Investments Measured at Amortized Cost	Total
CSIP - LGIP	$ 5,788,965

Investments Measured at Net Asset Value	Total
COLOTRUST	$ 13,041,780

The District's cash and investments are in the financial statements as follows:

Reconciliation to Statement of Net Position:	
Cash and cash equivalents - unrestricted	$ 453,324
Investments - unrestricted	7,568,882
Investments - restricted	99,854,407
Total	$ 107,876,613

Pools. The investment pool represents an investment in COLOTRUST which is a 2a7-like pool. The fair value of the pool is determined by the pool's share price. The District has no regulatory oversight for the pool.

IV. Detailed Notes on All Funds (continued)

A. Deposits and Investments (continued)

Interest Rate Risk. As a means of limiting its exposure to interest rate risk, the District coordinates its investment maturities to closely match cash flow needs and restricts the maximum investment term to less than five years from the purchase date.

Credit Risk. State law and District policy limit investments to those authorized by State statutes, which, among other investments, include U.S. agencies, commercial paper, local government investment pools, and certain money market funds. The District's general investment policy is to apply the prudent-person rule: Investments are made as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital, and, in general, avoid speculative investments.

Custodial Credit Risk. For an investment, this is the risk that, in the event of failure of the counterparty, the government will not be able to recover the value of its investment or collateral securities that are in possession of an outside party. The District does not have an investment policy that limits the amount of securities that can be held by counterparties.

Concentration of Credit Risk. The District places no limit on the amount that it may invest in any one issuer. More than 5% of the District's investments are in the ColoTrust Investment Pool. These investments represented 17% of the District's total deposits and investments.

B. Receivables

Receivables as of year-end for the District's funds, including applicable allowances for uncollectible accounts, are as follows:

	General Fund	Food Service Fund	Designated Purpose Grant Fund	Bond Redemption Fund
Receivables:				
Taxes	$ 654,226	$ -	$ -	$ 326,620
Accounts	32,123	623	22,847	-
Grants receivable	-	190,535	301,557	-
Gross receivables	686,349	191,158	324,404	326,620
Less: allowance for uncollectible	-	-	-	-
Net Receivables	$ 686,349	$ 191,158	$ 324,404	$ 326,620

	Building Fund	Capital Reserve Fund	Other Governmental Funds	Total
Receivables:				
Taxes	$ -	$ -	$ 14,680	$ 995,526
Accounts	-	353,603	2,721	411,917
Grants receivable	13,292	-	-	505,384
Gross receivables	13,292	353,603	17,401	1,912,827
Less: allowance for uncollectible	-	-	-	-
Net Receivables	$ 13,292	$ 353,603	$ 17,401	$ 1,912,827

IV. Detailed Notes on All Funds (continued)

C. Capital Assets

Capital asset activity for the year ended June 30, 2022 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Construction in progress	$ 7,478,302	$ 3,437,477	$ (7,675,033)	$ 3,240,746
Land	524,414	-	-	524,414
Total capital assets, not being depreciated	8,002,716	3,437,477	(7,675,033)	3,765,160
Capital assets, being depreciated:				
Buildings and improvements	57,367,690	7,700,551	-	65,068,241
Vehicles	2,024,302	129,680	(17,996)	2,135,986
Equipment	965,608	301,462	-	1,267,070
Total capital assets being depreciated	60,357,600	8,131,693	(17,996)	68,471,297
Total capital assets - Cost	68,360,316	11,569,170	(7,693,029)	72,236,457
Less: accumulated depreciation for:				
Buildings and improvements	(32,235,331)	(1,640,332)	-	(33,875,663)
Vehicles	(1,704,659)	(119,290)	17,996	(1,805,953)
Equipment	(959,908)	(64,404)	-	(1,024,312)
Total accumulated depreciation	(34,899,898)	(1,824,026)	17,996	(36,705,928)
Governmental activities capital assets, net	$ 33,460,418	$ 9,745,144	$ (7,675,033)	$ 35,530,529

The District had the following capital outlay and depreciation expense for the following functions:

	Capital Outlay	Depreciation Expense
Governmental activities:		
Direct instruction	$ 3,463,067	$ 1,459,970
Indirect instruction	291,504	62,701
Transportation	129,608	199,630
Custodial and maintenance	9,958	28,230
Support services	-	4,882
General administration	-	68,613
Total governmental activities	$ 3,894,137	$ 1,824,026

IV. Detailed Notes on All Funds (continued)

D. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2022, was as follows:

	Receivable Fund	Payable Fund
General Fund	$ 733,194	$ -
Designated Purpose Grant Fund	-	534,157
Capital Reserve Fund	-	40,406
Food Services Fund	24,044	-
Debt Service Fund	-	182,675
	$ 757,238	$ 757,238

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Transfers for fiscal year 2022 were as follows:

	Transfer In	Transfer (Out)	Reason
General Fund	$ -	$ (1,084,500)	Supplemental funding
Capital Reserve Fund	537,546	-	Funding for capital outlay
Pupil Activity Fund	546,954	-	Funding for student activities
	$ 1,084,500	$ (1,084,500)	

Transfers provide supplemental funds on an as needed basis.

E. Long-term Debt

1. General Obligation Bonds, Series 2007

In November 2007, the District's electorate authorized the issuance of general obligation debt in the amount of $18,250,000. Proceed are being used to add additional classrooms and repair or improve other District facilities. The bonds maturing on and after December 1, 2018 are subject to early redemption equal to the principal amount thereof, plus accrued interest to the redemption date. On September 4, 2014, the District issued the General Obligation Bonds, Series 2014 which refunded all bonds maturing after 2018 and are paid in full as of June 30, 2018.

IV. Detailed Notes on All Funds (continued)

E. Long-term Debt (continued)

2. General Obligation Refunding Bonds, Series 2012

On January 18, 2012, the District issued $6,455,000 of General Obligation Refunding Bonds, Series 2012. Proceeds from this bond issue were used to refund a portion of the District's outstanding General Obligation Refunding and Improvement Bonds, Series 2004B.

The bonds maturing on and before December 1, 2021 are not subject to redemption prior to their respective maturity dates. The bonds maturing on and after December 1, 2022 are subject to redemption prior to maturity at the option of the District at a redemption price equal to the principal amount thereof, plus accrued interest to the redemption date. On September 15, 2021, the District issued the Series 2021 General Obligation Refunding Note, which refunded the 2012 refunding bonds and are paid in full.

3. General Obligation Refunding Bonds, Series 2014

On September 4, 2014, the District issued $20,820,000 of General Obligation Refunding Bonds, Series 2014. Proceeds from this bond issue were used to refund a portion of the District's outstanding General Obligation Bonds, Series 2004, 2004B, and 2007. The bonds are issued in denominations of $5,000 and bear interest rates ranging from 2% to 5%. These bonds mature in varying amounts each year through 2027.

The bonds maturing on and after December 1, 2025, are subject to redemption prior to maturity, at the option of the District at a redemption price equal to the principal amount thereof, plus accrued interest to the redemption date.

4. Certificates of Participation, Series 2020

On April 15, 2020, Zions Bancorporation, N.A. ("Zions") issued $5,990,000 of non-taxable Certificates of Participation for the long-term leasehold interest in the Fraser Valley Elementary School facility to meet matching conditions of the BEST act grant. The Certificates of Participation bear fixed interest of 2.210% through 2035, and from 2036-2040, bear variable interest recalculated as the 1 year advance rate as reported by the Federal Home Loan Banks ("FHLB") of Des Moines. Annual principal payments are due the 1st of September, and semi-annual interest payments are due the 1st of March and September through maturity. Zions will lease the school facility for a period that runs concurrent with the term to maturity of the Series 2020 Certificates of Participation. On January 11, 2022, the District issued Series 2022 General Obligation Bonds which refunded the Series 2020 Certificates of Participation and are paid in full.

5. General Obligation Refunding Note, Series 2021

On September 15, 2021, the District issued $3,070,000 of General Obligation Refunding Note, Series 2021. Proceeds of this bond were used to refund the District's outstanding General Obligation Refund Bonds, Series 2012, resulting in a savings of $122,733. The bonds bear an interest rate of 0.880% and annual principal payments are due December 1, 2021 through 2024, with semi-annual interest payments due June 1 and December 1 through maturity.

IV. Detailed Notes on All Funds (continued)

E. Long-term Debt (continued)

6. General Obligation Bonds, Series 2022

On January 11, 2022, the District issued $85,000,000 of General Obligations Bonds, Series 2022. Proceeds from the bond were used to refund the Series 2020 Certificates of Participation, and for a new Granby Elementary School, as well as renovations at Fraser Valley Elementary School, East Grand Middle School, and Middle Park High School. The bonds bear an interest rate of 5.0% and annual principal payments are due December 1, 2021 through 2047, with semi-annual interest payments due June 1 and December 1 through maturity.

The bonds maturing on and after December 1, 2032, are subject to redemption prior to maturity, at the option of the District at a redemption price equal to the principal amount thereof, plus accrued interest to the redemption date.

7. Defeased Debt

At various dates in prior years, the District placed proceeds from refunding bond issues and District cash contributions in irrevocable refunding escrow accounts. These monies, which are invested in U.S. Treasury obligations, together with interest earned thereon, are considered sufficient for payment of all principal and interest on refunded bonds on each remaining payment date. The likelihood of the earnings and principal maturities of the U.S. Treasury obligations not being sufficient to pay the refunded bond issues appears remote. Accordingly, the escrow account and refunded bonds are not included in the District's financial statements. The District has not calculated the amount of defeased debt at June 30, 2022.

8. Debt Requirements

Colorado State Statutes require that all property taxes levied for the purpose of satisfying bonded indebtedness be administered by at least one third party custodian designated by the District. The third-party custodian is required to ensure all taxes levied to satisfy the obligations of bonded indebtedness are used accordingly. The District has entered into a custody agreement with UMB Corporate Trust Services in order to meet this requirement.

The District is compliant in ongoing disclosure requirements to the secondary bond market in accordance with the Securities and Exchange Commission's Rule 15c2-12.

IV. Detailed Notes on All Funds (continued)

E. Long-term Debt (continued)

9. Capital Lease Agreements

The District is obligated under certain lease agreements for a performance contract. These obligations are accounted for as capital leases. The leased assets and related obligations are accounted for in the Statement of Net Position. The following is a schedule of future minimum rental payments due under the terms of the District's capital leases:

Fiscal Year Ended	Principal	Interest	Total
2023	$ 112,548	$ 25,986	$ 138,534
2024	122,542	26,755	149,297
2025	132,823	21,063	153,886
2026	142,589	14,924	157,513
2027	151,733	8,334	160,067
2028	89,944	1,772	91,716
Totals	$ 752,179	$ 98,834	$ 851,013

The net book value of the assets acquired through a capital lease at June 30, 2022 is as follows:

Cost	$ 1,663,584
Less: accumulated depreciation	738,720
Net Book Value	$ 924,864

10. Schedule of Future Debt Service Payments

The District's future annual debt service requirements are as follows:

Fiscal Year Ending:	Principal	Interest	Total
2023	$ 2,830,000	$ 4,146,517	$ 6,976,517
2024	2,365,000	4,057,945	6,422,945
2025	2,440,000	3,979,638	6,419,638
2026	2,615,000	3,887,350	6,502,350
2027	2,720,000	3,780,650	6,500,650
2028-2032	15,265,000	16,916,225	32,181,225
2033-2037	19,330,000	12,712,750	32,042,750
2038-2042	23,770,000	8,235,400	32,005,400
2043-2047	28,920,000	2,982,400	31,902,400
Totals	$ 100,255,000	$ 60,698,875	$ 160,953,875

IV. Detailed Notes on All Funds (continued)

E. Long-term Debt (continued)

11. Compensated Absences

The District has a policy for the accumulation of sick and personal leave payouts. This policy is subject to certain limits, which are established by the Board, and are based on the employee's length of service with the District.

The estimated liability for all employees is recorded in governmental activities in the Statement of Net Position. The General Fund generally liquidates the compensated absences and pension liabilities associated with governmental activities.

12. Changes in Long-term Debt

The following is a summary of changes in long-term debt for the year ended June 30, 2022:

	Balance July 1, 2021	Additions	(Reductions)	Balance June 30, 2022	Due in One Year
Governmental Activities:					
General obligation bonds	$ 17,325,000	$ -	$ (5,095,000)	$ 12,230,000	$ 1,290,000
2021 Refunding G.O. Bonds	-	3,070,000	(45,000)	3,025,000	995,000
Premium on general obligation bonds	1,130,884	18,432,877	(1,392,571)	18,171,190	-
2022 G.O. Bonds	-	85,000,000	-	85,000,000	545,000
Certificates of Participation	5,990,000	-	(5,990,000)	-	-
Capital leases	855,375	-	(103,196)	752,179	112,548
Net Pension Liability	28,187,609	-	(7,819,388)	20,368,221	-
Post employment health benefits	1,024,638	-	(39,216)	985,422	-
Compensated absences	449,458	24,319	-	473,777	-
Total	$ 54,962,964	$ 106,527,196	$ (20,484,371)	$ 141,005,789	$ 2,942,548

IV. Detailed Notes on All Funds (continued)

F. Defined Benefit Pension – Plan, Liabilities, Expense, Deferred Outflows of Resources and Deferred Inflows of Resources

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 comprehensive annual financial report ("Annual Report") that can be obtained at www.copera.org/investments/pera-financial-reports.

Benefits provided as of December 31, 2021. PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. § 24-51-602, 604, 1713, and 1714.

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

- Highest average salary multiplied by 2.5% and then multiplied by years of service credit.
- The value of the retiring employee's member contribution account plus a 100% match on eligible amounts as of the retirement date. This amount is then annuitized into a monthly benefit based on life expectancy and other actuarial factors.

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

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

In all cases the service retirement benefit is limited to 100% of highest average salary and 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% or 100% on eligible amounts depending on when contributions were remitted to PERA, the date employment was terminated, whether 5 years of service credit has been obtained and the benefit structure under which contributions were made.

IV. Detailed Notes on All Funds (continued)

F. Defined Benefit Pension – Plan, Liabilities, Expense, Deferred Outflows of Resources and Deferred Inflows of Resources (continued)

Benefits provided as of December 31, 2021 (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 disability. The disability benefit amount is based on the lifetime retirement benefit formula(s) shown above considering a minimum 20 years of service credit, if deemed disabled.

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

Contribution 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 1, 2021 through June 30, 2022. Employer contribution requirements are summarized in the table below:

	July 1, 2021 through June 30, 2022
Employer Contribution Rate	10.90%
Amount of the Employer Contribution apportioned to the Health Care Trust Fund as specified in C.R.S. 24-51-208(1)(f)	(1.02)%
Amount Apportioned to the SCHDTF	9.88%
Amortization Equalization Disbursement ("AED") as specified in C.R.S. 24-51-411	4.50%
Supplemental Amortization Equalization Disbursement ("SAED") as presented in C.R.S. 24-51-411	5.50%
Total Employer Contribution Rate to the SCHDTF	19.88%

Contribution rates for the SCHDTF are expressed as a percentage of salary as defined in C.R.S. § 24-51-101(42).

IV. Detailed Notes on All Funds (continued)

F. Defined Benefit Pension – Plan, Liabilities, Expense, Deferred Outflows of Resources and Deferred Inflows of Resources (continued)

Contribution provisions as of June 30, 2022 (continued). 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 $2,290,935 for the year ended June 30, 2022.

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. The net pension liability for the SCHDTF was measured as of December 31, 2021, and the total pension liability 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 total pension liability to December 31, 2021. The District's proportion of the net pension liability was based on the District's contributions to the SCHDTF for the calendar year 2021 relative to the total contributions of participating employers and the State as a nonemployer contributing entity.

At June 30, 2022, the District reported a liability of $20,368,221 for its proportionate share of the net pension liability that reflected a reduction for support from the State as a nonemployer contributing entity. The amount recognized by the 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:

The District's proportionate share of the net Pension liability	$	20,368,221
The State's proportionate share of the net pension liability as a non-employer contributing entity associated with the District		2,094,813
Total	$	22,463,034

IV. Detailed Notes on All Funds (continued)

F. Defined Benefit Pension – Plan, Liabilities, Expense, Deferred Outflows of Resources and Deferred Inflows of Resources (continued)

Pension Liabilities (continued).
At December 31,2021, the District proportion was 0.1750%, as compared to its proportion of 0.1865% measured as of December 31, 2020.

Pension Expense. For the year ended June 30, 2022, the District recognized pension revenue of $7,081,189 and revenue of $558,170 for support from the State as a nonemployer contributing entity.

Deferred Outflows of Resources and Deferred Inflows of Resources. 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
Difference between expenses and actual experience	$ 779,777	$ -
Changes of assumptions or other inputs	1,554,959	-
Net difference between projected and actual earnings on pension plan investments	-	7,657,843
Changes in proportionate share of contributions	2,801,037	1,493,320
Contributions subsequent to measurement date	1,187,911	-
	$ 6,323,684	$ 9,151,163

$1,187,911, reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Amortization
2023	$ 736,980
2024	(1,787,185)
2025	(2,035,686)
2026	(929,499)
	$ (4,015,390)

IV. Detailed Notes on All Funds (continued)

F. Defined Benefit Pension – Plan, Liabilities, Expense, Deferred Outflows of Resources and Deferred Inflows of Resources (continued)

Deferred Outflows of Resources and Deferred Inflows of Resources (continued).

Actuarial assumptions. The total pension liability 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	2.30%
Real wage growth	0.70%
Wage inflation	3.00%
Salary increases, including wage inflation	3.40% - 11.0%
Long-term investment Rate of Return, net of pension plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Post-retirement benefit increases:	
PERA Benefit Structure hired prior to 1/1/07; and DPS Benefit Structure (compounded annually)	1.00%
PERA Benefit Structure hired after 12/31/2006 (ad hoc, substantively automatic)[1]	Financed by the AIR

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

The Total Pension Liability (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 tables 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 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.

IV. Detailed Notes on All Funds (continued)

F. Defined Benefit Pension – Plan, Liabilities, Expense, Deferred Outflows of Resources and Deferred Inflows of Resources (continued)

Actuarial assumptions (continued). 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.

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 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 percentages and then adding expected inflation.

The PERA Board first adopted the 7.25% long-term expected rate of return as of November 18, 2016. Following an asset/liability study, the Board reaffirmed the assumed rate of return at the 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[1]	6.00%	4.70%
Total	100.00%	

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

IV. Detailed Notes on All Funds (continued)

F. Defined Benefit Pension – Plan, Liabilities, Expense, Deferred Outflows of Resources and Deferred Inflows of Resources (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 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.

IV. Detailed Notes on All Funds (continued)

F. Defined Benefit Pension – Plan, Liabilities, Expense, Deferred Outflows of Resources and Deferred Inflows of Resources (continued)

Discount rate (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 percent on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25 percent. There was no change in the discount rate from the prior measurement date.

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Collective net pension liability	$ 17,129,251,000	$ 11,637,366,000	$ 7,054,593,000
Proportionate share of net pension liability	$ 29,980,356	$ 20,368,221	$ 12,347,254

Pension plan fiduciary net position. Detailed information about the SCHDTF's fiduciary net position is available in PERA's Annual Report which can be obtained at www.copera.org/investments/pera-financial-reports.

G. Other Postemployment Benefits – Plan, Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources

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, 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 from time to time by the Colorado General Assembly. PERA issues a publicly available Annual Report that can be obtained at www.copera.org/investments/pera-financial-reports.

IV. Detailed Notes on All Funds (continued)

G. Other Postemployment Benefits – Plan, Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (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 is voluntary and is available to benefit recipients and their eligible dependents, certain surviving spouses, and divorced spouses and guardians, among others. Eligible benefit recipients may enroll into the program upon retirement, upon the occurrence of certain life events, or on an annual basis during an open enrollment period.

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

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

IV. Detailed Notes on All Funds (continued)

G. Other Postemployment Benefits – Plan, Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (continued)

Benefits provided (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 service-based subsidy, in each case, is for retirees with retirement benefits based on 20 or more years of service credit. There is a 5% reduction in the subsidy for each year less than 20. The retiree pays the remaining portion of the premium to the extent the subsidy does not cover the entire amount.

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

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

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and District is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from District were $98,189 for the year ended June 30, 2022.

Liabilities. At June 30, 2022, the District reported a liability of $985,422 for its proportionate share of net OPEB liability. The net OPEB liability was measured as of December 31, 2021, and the total OPEB liability 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 District contributions to the HCTF for the calendar year 2021 relative to the total contributions of participating employers to the HCTF.

At December 31, 2021, the District proportion was 0.1143%, as compared to its proportion of 0.1078% measured as of December 31, 2020.

IV. Detailed Notes on All Funds (continued)

G. Other Postemployment Benefits – Plan, Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (continued)

Expense, Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2022, the District recognized OPEB expense (revenue) of $(99,162). At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expenses and actual experience	$ 1,502	$ 233,655
Changes of assumptions or other inputs	20,402	53,453
Net difference between projected and actual earnings on OPEB plan investments	-	60,998
Changes in proportionate share of contributions	149,282	2,479
Contributions subsequent to measurement date	60,949	-
	$ 232,135	$ 350,585

$60,949, reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,	Amortization
2023	$ (54,687)
2024	(60,767)
2025	(61,401)
2026	(21,498)
2027	4,845
Thereafter	14,109
	$ (179,399)

IV. Detailed Notes on All Funds (continued)

G. Other Postemployment Benefits – Plan, Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (continued)

Actuarial assumptions. The total OPEB liability in the December 31, 2020, actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

	State Division	School Division	Local Government Division	Judicial Division
Actuarial cost method			Entry age	
Price inflation			2.30%	
Real wage growth			0.70%	
Wage inflation			3.00%	
Salary increases, including wage inflation				
Members other than State Troopers	3.30%-10.90%	3.40%-11.00%	3.20%-11.30%	2.80%-5.30%
State Troopers	3.20%-12.40%	N/A	3.20%-12.40%	N/A
Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation			7.25%	
Discount rate			7.25%	
Health care cost trend rates				
PERA benefit structure:				
Service-based premium subsidy			0.00%	
PERACare Medicare plans			4.50% in 2021, 6.00% in 2022 gradually decreasing to 4.50% in 2029	
Medicare Part A premiums			3.75% in 2021, gradually increasing to 4.50% in 2029	
DPS benefit structure:				
Service-based premium subsidy			0.00%	
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.

IV. Detailed Notes on All Funds (continued)

G. Other Postemployment Benefits – Plan, Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (continued)

Actuarial assumptions (continued). 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 2021 for the PERA Benefit Structure:

	Initial Costs for Members without Medicare Part A		
Medicare Plan	Monthly Cost	Monthly Premium	Monthly Cost Adjusted to Age 65
Medicare Advantage/Self-Insured Rx	$ 633	$ 230	$ 591
Kaiser Permanente Medicare Advantage HMO	$ 596	$ 199	$ 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.

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

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and industry methods developed by health plan actuaries and administrators. In addition, projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services are referenced in the development of these rates. Effective December 31, 2019, 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 total OPEB liability are summarized in the table below:

Year Ending	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%

IV. Detailed Notes on All Funds (continued)

G. Other Postemployment Benefits – Plan, Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (continued)

Actuarial assumptions (continued). 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, reflect generational mortality and were applied, as applicable, in the determination of the TOL for the HCTF, but developed using a headcount-weighted basis. Affiliated employers of the State, School, Local Government and Judicial Divisions participate in the HCTF.

Pre-retirement mortality assumptions for the State and Local Government Divisions (members other than State Troopers) were based upon the PubG-2010 Employee Table with generational projection using scale MP-2019. Pre-retirement mortality assumptions for State Troopers were based upon the PubS-2010 Employee Table with generational projection using scale MP-2019. The pre-retirement mortality assumptions for the School Division were based upon the PubT-2010 Employee Table with generational projection using scale MP-2019. Pre-retirement mortality assumptions for the Judicial Division were based upon the PubG-2010(A) Above-Median Employee Table with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for the State and Local Government Divisions (members other than State Troopers) were based upon the PubG-2010 Healthy Retiree Table, adjusted as follows:

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

Post-retirement non-disabled mortality assumptions for State Troopers were based upon the unadjusted PubS-2010 Healthy Retiree Table, with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for the School Division 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 mortality assumptions for the Judicial Division were based upon the unadjusted PubG-2010(A) Above-Median Healthy Retiree Table with generational projection using scale MP-2019.

IV. Detailed Notes on All Funds (continued)

G. Other Postemployment Benefits – Plan, Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (continued)

Actuarial assumptions (continued). Post-retirement non-disabled beneficiary mortality assumptions were based 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. Disabled mortality assumptions for State Troopers were based upon the unadjusted PubS-2010 Disabled Retiree Table with generational projection using scale MP-2019.

The following health care costs assumptions were updated and used in the 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 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 percentages and then adding expected inflation.

IV. Detailed Notes on All Funds (continued)

G. Other Postemployment Benefits – Plan, Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (continued)

Actuarial assumptions (continued). 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[1]	6.00%	4.70%
Total	100.00%	

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

Sensitivity of the District's proportionate share of the net OPEB liability to changes in the Health Care Cost Trend Rates. The following presents the net OPEB liability using the current health care cost trend rates applicable to the PERA benefit structure, as well as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rates:

	1% Decrease	Current Trend Rates	1% Increase
Initial PERACare Medicare Trend Rate	3.50%	4.50%	5.50%
Ultimate PERACare Medicare Trend Rate	3.50%	4.50%	5.50%
Initial Medicare Part A Trend Rate	2.75%	3.75%	4.75%
Ultimate Medicare Part A Trend Rate	3.50%	4.50%	5.50%
Collective Net OPEB Liability	$ 837,542,000	$ 862,305,000	$ 890,991,000
Proportionate Share of Net OPEB Liability	$ 957,123	$ 985,422	$ 1,018,203

IV. Detailed Notes on All Funds (continued)

G. Other Postemployment Benefits – Plan, Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources (continued)

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

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 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 percent.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.
- 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.

Based on the above assumptions and methods, the HCTF's FNP was projected to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25 percent on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25 percent.

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Collective net pension liability	$ 1,001,477,000	$ 862,305,000	$ 743,428,000
Proportionate share of net pension liability	$ 1,144,464	$ 985,422	$ 849,572

OPEB plan fiduciary net position. Detailed information about the HCTF's fiduciary net position is available in PERA's Annual Report which can be obtained www.copera.org/investments/pera-financial-reports.

IV. Detailed Notes on All Funds (continued)

H. Fund Balances

The District classifies governmental fund balances as follows:

Non-spendable fund balance includes fund balance amounts inherently non-spendable since they represent inventories, prepaid items, long-term portion of loans receivable, etc.

Spendable Fund Balances:

Restricted fund balance includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.

Committed fund balance includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision-making authority which is the Board of Education.

Assigned fund balance includes spendable fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund Balance may be assigned by the Board or its management designee.

Unassigned fund balance includes residual positive fund balance within the General Fund which has not been classified within the other above-mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

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IV. Detailed Notes on All Funds (continued)

H. Fund Balances (continued)

The District's policy is for restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the District would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made. The District governmental funds had the following equity designations at June 30, 2022:

	Balance	Reason
Non-spendable:		
General Fund	$ 50,822	Prepaid items
Food Service Fund	4,239	Inventory
Pupil Activity Fund	1,570	Officials pay
Restricted:		
General Fund	607,000	TABOR
Debt Service Fund	5,526,492	Debt service
Committed:		
General Fund	161,167	Technology projects
Food Service Fund	230,510	Food services
Pupil Activity Fund	299,015	Student activities
Transportation	342,704	Transportation services
Building	93,217,385	Building improve
Capital Reserve	850,433	Capital projects
Assigned:		
General Fund	55,512	Technology equipment
	$ 101,346,849	

The District does not have a formal minimum fund balance policy. However, the District's budget includes a calculation of a targeted reserve positions and the Administration calculates targets and report them annually to Board.

V. Other Information

A. Defined Contribution Pension Plan

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

V. Other Information (continued)

A. Defined Contribution Pension Plan *(continued)*

Funding Policy. The Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. Employees are immediately vested in their own contributions, employer contributions and investment earnings. For the year ended June 30, 2022 members contributed $295,516. The District does not match employee voluntary contributions but contributes for the benefit of employees that do not utilize the District's health insurance benefits and recognized pension expense and a liability of 116,866 and $8,698, respectively, for the Voluntary Investment Program.

B. Contingencies

1. General Legal Matters

During the normal course of business, the District incurs claims and other assertions against it from various agencies and individuals. Management of the District feels none of these claims or assertions are significant enough that they would materially affect the fairness of the presentation of the financial statements at June 30, 2022.

2. Federal Programs

Funds received from Federal grants are subject to audit and disallowance on ineligible cost. Management of the District feels any potential questioned or disallowed costs or liability arising from the Federal program audits would not materially affect the fairness of the presentation of the financial statements at June 30, 2022.

3. State Programs

The District receives payment for State equalization, State transportation and various other State revenues to fund programs. These grants and programs are subject to audit and may result in the District either refunding amounts due for overpayment or receiving additional revenue for underpayment by the State. Management does not feel that any potential adjustments would be material and that they would affect the fairness of presentation of the financial statements at June 30, 2022.

C. Jointly Governed Organization - BOCES

The District, together with other school districts, participates in the Northwest Colorado Board of Cooperative Educational Services (the "BOCES"). The purpose of the BOCES is to pool resources of the individual districts and to provide services common to each on a basis that is more economical than if the same services were provided individually. Administrative costs are borne equally by the districts. Services by BOCES are charged to each district based upon individual needs and the student population.

The Board of the BOCES consists of one member of the Board of Education of each participating district. Each district has equal voting rights in the decisions of the BOCES.

V. Other Information (continued)

C. Jointly Governed Organization – BOCES (continued)

The BOCES has issued its own audited financial statements for the year ended June 30, 2021, the latest available data.

The following summary information is presented:

Assets and Deferred Outflows	$	2,113,679
Liabilities and Deferred inflows		(7,936,516)
Net Position (Deficit)	$	(5,822,837)
Expenses	$	(1,548,185)
Program Revenues		3,224,631
General Revenues		474
Change in Net Position		1,676,920
Net Position-Beginning		(7,519,757)
Net Position-Ending	$	(5,842,837)

For the year ended June 30, 2022, the District made operating contributions of $64,486.

D. Mill Levy Override Approval

As previously discussed, in November 1994, the electorate of the District passed a ballot question, authorizing *to increase taxes $650,000 annually for [the] current budget year and each budget year thereafter by authorizing the District to impose an additional property tax mill levy of not more than 5 mills for the District's General Fund for the current budget year and each budget year thereafter*….

In November 2001, the electorate of the District approved *to increase taxes $659,411 annually and by such additional amounts raised annually thereafter by an ad valorem property tax mill levy imposed at a rate of up to 1.746 mils, but not exceeding such amount of additional tax revenues as permitted pursuant to section 22-54-107.5 of the Colorado revised statutes, or any successor law thereto, to provide a supplemental cost of living adjustment to the District.*

In November 2020, the electorate of the District approved *to increase $1 million annually with financially transparent expenditures to be publicly reported on the District's website to provide funds to attract and retain quality teachers and staff through a property tax override mill levy to be imposed at a rate sufficient to produce the amount set forth above, to be in addition to the property taxes that would otherwise be levied for the general fund and to constitute a voter approved revenue change*.

E. Colorado Department of Education Financing

The Colorado Department of Education allows school districts to borrow funds up to the next year's estimated property tax collections for the specific district. The District did not utilize this financing in 2022.

V. Other Information (continued)

F. Risk Management

Risk of Loss. The District is exposed to various risks of loss related to workers' compensation; general liability; unemployment; torts; theft of, damage to, and destruction of assets; and errors and omissions. The District has acquired commercial coverage for these risks and claims, if any, are not expected to exceed the commercial insurance coverage.

Pupil Counts. Each year the District submits data regarding pupil counts to the Colorado Department of Education (CDE). The purpose of this data collection is to obtain required student level data as provided for by state statute (s), including information regarding students' funding eligibility as outlined in the Public School Finance Act of 1994 (22-54-101, C.R.S.).

The Student October Count is based on a one (1) day membership count in which districts are asked to report all students who are actively enrolled and attending classes through their district on that date. In an effort to ensure accurate reporting of those data fields associated with student funding, CDE conducts periodic compliance audits of each district's student October count data. This data not only determine per pupil funding, but also at risk and English Language Proficiency Act (ELPA) funding. CDE audits districts every one to four years, the frequency of which is determined by a number of factors including, but not limited to, the size and location of the district, as well as issues or concerns that might have arisen from prior audits.

The District believes its pupil count information is accurate and any adjustment would not be material.

East Grand School District No. 2

Required Supplementary Information

East Grand School District No. 2
Schedule of Revenues, Expenditures, and Changes in Fund Fund Balances - Budget and Actual (GAAP Basis)
General Fund
For the Year Ended June 30, 2022
(With Comparative Actual Amounts for 2021)

	2022				2021
	Budgeted Amounts		Actual	Variance with Final Budget- Positive	Actual
REVENUES	**Original**	**Final**	**Amounts**	**(Negative)**	**Amounts**
Taxes:					
Property taxes	12,202,196	12,202,196	13,944,148	1,741,952	11,386,113
Specific ownership taxes	597,326	873,200	1,175,170	301,970	1,080,680
Intergovernmental - State revenue	2,259,589	2,074,599	722,701	(1,351,898)	1,989,324
Intergovernmental - Federal revenue	1,039,631	1,276,222	1,269,371	(6,851)	1,039,631
Interest income	110,000	110,000	25,776	(84,224)	11,996
Other	172,995	331,348	288,226	(43,122)	155,361
Total revenues	16,381,737	16,867,565	17,425,392	557,827	15,663,105
EXPENDITURES					
Direct instruction	10,358,266	10,669,868	10,542,973	126,895	8,819,937
Indirect instruction	1,661,644	1,777,677	1,669,948	107,729	1,524,479
Transportation	200,378	246,947	102,687	144,260	360,638
Custodial and maintenance	1,993,727	2,097,010	2,113,643	(16,633)	1,871,283
Support services	379,706	386,625	418,245	(31,620)	381,547
General administration	1,981,797	2,088,129	1,987,838	100,291	1,791,856
Total expenditures	16,575,518	17,266,256	16,835,334	430,922	14,749,740
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(193,781)	(398,691)	590,058	988,749	913,365
OTHER FINANCING SOURCES (USES)					
Transfers in (out)	(455,141)	(1,004,114)	(1,084,500)	(80,386)	(959,934)
Total other financing sources (uses)	(455,141)	(1,004,114)	(1,084,500)	(80,386)	(959,934)
NET CHANGE IN FUND BALANCES - BUDGET BASIS	(648,922)	(1,402,805)	(494,442)	908,363	(46,569)
FUNDS BALANCES, BEGINNING - BUDGET BASIS	5,273,576	5,993,488	5,992,962	(526)	6,039,531
FUND BALANCES, ENDING - BUDGET BASIS	4,624,654	4,590,683	5,498,520	907,837	5,992,962
RECONCILIATION TO GAAP BASIS:					
Adjustments:					
Pension direct distribution - Special funding			249,286		-
Pension expense - Special funding			(249,286)		-
FUND BALANCES, ENDING - GAAP BASIS			5,498,520		5,992,962

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

East Grand School District No. 2
Schedule of Revenues, Expenditures, and Changes in Net Assets - Budget and Actual (GAAP Basis)
Food Service Fund
For the Year Ended June 30, 2022
(With Comparative Actual Amounts for 2021)

	2022				2021
	Budgeted Amounts		Actual	Variance with Final Budget- Positive	Actual
	Original	Final	Amounts	(Negative)	Amounts
REVENUES					
Food and ala carte sales	-	10,000	28,385	18,385	11,437
Federal revenue:					
Federal government meal reimbursement	468,000	523,000	768,638	245,638	489,971
USDA commodity contribution	20,000	20,000	29,791	9,791	26,390
State reimbursement	5,964	5,964	3,244	(2,720)	3,258
Total revenues	493,964	558,964	830,058	271,094	531,056
EXPENDITURES					
Salaries and employee benefits	261,062	272,429	357,981	(85,552)	237,095
Supplies	11,025	18,525	21,233	(2,708)	15,472
Food costs:					
Purchased food	193,200	239,100	304,555	(65,455)	228,513
Donated commodities	21,525	21,525	29,791	(8,266)	26,390
Other	14,700	17,000	19,011	(2,011)	11,039
Total expenses	501,512	568,579	732,571	(163,992)	518,509
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(7,548)	(9,615)	97,487	107,102	12,547
OTHER FINANCING SOURCES (USES)					
Transfers in (out)	25,000	-	-	-	114,000
Total other financing sources (uses)	25,000	-	-	-	114,000
CHANGE IN NET POSITION	17,452	(9,615)	97,487	107,102	126,547
FUND BALANCE, BEGINNING	667	137,265	137,262	(3)	10,715
FUND BALANCE, ENDING	18,119	127,650	234,749	107,099	137,262

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

East Grand School District No. 2
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual (GAAP Basis)
Designated Purpose Grants Fund
For the Year Ended June 30, 2022
(With Comparative Actual Amounts for 2021)

	2022				2021
	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)	Actual Amounts
	Original	Final			
REVENUES					
Intergovernmental revenue:					
Federal revenue	145,165	145,165	541,270	396,105	1,483,211
State revenue	391,031	391,031	625,478	234,447	382,806
Local revenue	143,493	143,493	134,678	(8,815)	165,369
Total revenues	679,689	679,689	1,301,426	621,737	2,031,386
EXPENDITURES					
Direct instruction	93,525	167,530	367,573	(200,043)	500,689
Indirect instruction	586,164	586,164	811,106	(224,942)	1,137,200
Transportation	-	-	-	-	11,621
Custodial and maintenance	-	-	122,747	(122,747)	333,215
Support services	-	-	-	-	18,438
General administration	-	-	-	-	21,964
Community service	-	-	-	-	8,259
Total expenditures	679,689	753,694	1,301,426	(547,732)	2,031,386
NET CHANGE IN FUND BALANCES	-	(74,005)	-	74,005	-
FUND BALANCES, BEGINNING	-	-	-	-	-
FUND BALANCES, ENDING	-	(74,005)	-	74,005	-

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

East Grand School District No. 2
Schedule of the District's Proportionate Share of the Net Pension Liability
Colorado Public Employees' Retirement Association School Division Trust Fund
Last 10 Fiscal Years *

Measurement date - December 31,	2021	2020	2019	2018	2017	2016	2015	2014	2013
District's portion of the net pension liability	0.1750%	0.1865%	0.1592%	0.1552%	0.1720%	0.1738%	0.1738%	0.1768%	0.1831%
District's proportionate share of the net pension liability	20,368,221	28,187,609	23,778,480	27,475,647	55,613,857	51,759,537	26,574,063	23,967,042	23,353,686
State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the District	2,094,813	-	2,676,516	3,305,000	-	-	-	-	-
Total proportionate share of the net pension liability associated with the District	22,463,034	28,187,609	26,454,996	30,780,647	55,613,857	51,759,537	26,574,063	23,967,042	23,353,686
District's covered payroll	10,938,469	9,971,635	9,353,125	8,530,403	7,935,365	7,802,346	7,572,051	7,408,101	7,381,132
District's proportionate share of the net pension liability as a percentage of its covered payroll	186%	283%	254%	322%	701%	630%	351%	324%	316%
Plan fiduciary net position as a percentage of the total pension liability	74.86%	66.99%	64.52%	57.01%	43.10%	43.10%	59.20%	62.84%	64.07%

* The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within fiscal year. Information is only available beginning in fiscal year 2014.

The accompanying notes to RSI are an integral part of these statements.

East Grand School District No. 2
Schedule of District Pension Contributions
Colorado Public Employees' Retirement Association School Division Trust Fund
Last 10 Fiscal Years *

Fiscal year-ended June 30,	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	2,290,935	2,062,839	1,876,030	1,708,617	1,543,643	1,442,399	1,356,920	1,276,492	1,143,574
Contributions in relation to the contractually required contribution	(2,290,935)	(2,062,839)	(1,876,030)	(1,708,617)	(1,543,643)	(1,442,399)	(1,356,920)	(1,276,492)	(1,143,574)
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-
District's covered payroll	11,523,816	10,376,459	9,680,232	8,931,602	8,171,541	7,831,633	7,646,095	7,555,234	6,726,906
Contributions as a percentage of covered payroll	19.88%	19.88%	19.38%	19.13%	18.89%	18.42%	17.75%	16.90%	17.00%

* Information is only available beginning in fiscal year 2014.

The accompanying notes to RSI are an integral part of these statements.

East Grand School District No. 2
Schedule of the District's Proportionate Share of the OPEB Liability
Colorado Public Employees' Retirement Association Health Care Trust Fund
Last 10 Fiscal Years *

Measurement date - December 31,	2021	2020	2019	2018	2017	2016
District's portion of the net OPEB liability	0.1143%	0.1078%	0.1040%	0.1009%	0.0977%	0.0988%
District's proportionate share of the net OPEB liability	985,422	1,024,638	1,169,193	1,372,241	1,270,289	1,281,156
District's covered payroll	10,938,469	9,971,635	9,353,125	8,530,403	7,935,365	7,802,346
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	9%	10%	13%	16%	16%	16%
Plan fiduciary net position as a percentage of the total OPEB liability	39.40%	32.78%	24.49%	17.03%	17.53%	16.72%

***** The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within fiscal year. Information is only available beginning in fiscal year 2017.

The accompanying notes to RSI are an integral part of these statements.

East Grand School District No. 2
Schedule of District OPEB Contributions
Colorado Public Employees' Retirement Association Health Care Trust Fund
Last 10 Fiscal Years *

As of the fiscal year-ended June 30,	2021	2021	2020	2019	2018	2017
Contractually required contribution	117,543	105,840	98,738	91,102	83,350	78,316
Contributions in relation to the contractually required contribution	(117,543)	(105,840)	(98,738)	(91,102)	(83,350)	(78,316)
Contribution deficiency (excess)	-	-	-	-	-	-
District's covered payroll	11,523,816	10,376,459	9,680,232	8,931,602	8,171,541	7,831,633
Contributions as a percentage of covered payroll	1.02%	1.02%	1.02%	1.02%	1.02%	1.00%

***** Information is only available beginning in fiscal year 2017.

The accompanying notes to RSI are an integral part of these statements.

East Grand School District No. 2
Notes to the Required Supplementary Information
June 30, 2022

I. Schedule of District's Proportionate Share of the Net Pension Liability

A. Changes to assumptions or other inputs

1. Changes since the December 31, 2020 actuarial valuation:

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

2. Changes since the December 31, 2019 actuarial valuation:

- The price inflation assumption was lowered from 2.4 percent to 2.30 percent.
- The wage inflation assumption was lowered from 3.5 percent to 3.00 percent.
- The real rate of investment return assumption was increased to 4.95 percent per year, net of investment expenses from 4.85 percent per year, net of investment expenses.
- Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.
- The pre-retirement mortality assumption for the School and Denver Public School ("DPS") Divisions was changed to the PubT-2010 Employee Table with generational projection using scale MP-2019.
- The post-retirement non-disabled mortality assumption for the School and DPS Divisions was changed to the PubT-2010 Healthy Retiree Table, adjusted as follow:
- Males: 112 percent of the rates prior to age 80 and 94 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.
- Females: 83 percent of the rates prior to age 80 and 106 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.
- The post-retirement non-disabled beneficiary mortality assumption for the Division Trust Funds was changed to the Pub-2019 Contingent Survivor Table, adjusted as follows:
- Males: 97 percent of the rates for all ages, with generational projection using scale MP-2019.
- Females: 105 percent of the rates for all ages, with generational projection using scale MP-2019.
- The disabled mortality assumption for the Division Trust Funds (Members other than State Troopers) was changed to the PubNS-2010 Disabled Retiree Table using 99 percent of the rates for all ages with generational projection using scale MP-2019.
- The mortality tables descried above are generational mortality tables on a head-count weighted basis.

3. Changes since the December 31, 2018 actuarial valuation:

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

4. Changes Since the December 31, 2017 actuarial valuation:

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

I. Schedule of District's Proportionate Share of the Net Pension Liability (continued)

A. Changes to assumptions or other inputs (continued)

4. Changes Since the December 31, 2016 actuarial valuation:

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

5. Changes Since the December 31, 2015 actuarial valuation:

- The investment return assumption was lowered from 7.5 percent to 7.25 percent
- The wage inflation assumption was lowered from 3.90 percent to 3.50 percent
- The post-retirement mortality assumption for healthy lives for the School and DPS Divisions was changed to the RP-2014 White Collar Healthy Annuitant Mortality Table with adjustments for credibility and gender adjustments of a 93 percent factor applied to ages below 80 and a 113 percent factor applied to age 80 and above, projected to 2018, or males, and a 68 percent factor applied to ages below 80 and a 106 percent factor applied to age 80 and above, projected to 2020, for females.
- For disabled retirees, the mortality assumption was changed to reflect 90 percent of RP-2014 Disabled Retiree Mortality Table.
- The mortality assumption for active members was changed to RP-2014 White Collar Employee Mortality Table, a table specifically developed for actively working people. To allow for an appropriate margin of improved mortality prospectively, the mortality rates incorporate a 70 percent factor applied to male rates and a 55 percent factor applied to female rates.
- The rates of retirement, withdrawal, and disability were revised to reflect more closely actual experience.
- The estimated administrative expense as a percentage of covered payroll was increased from 0.35 percent to 0.40 percent.
- The SEIRFDN for the SCHDTF was lowered from 7.50 percent to 5.26 percent to reflect the changes to the projection's valuation basis, a projected year of depletion of the FNP, and the resulting application of the municipal bond index rate

6. Changes Since the December 31, 2014 actuarial valuation:

- Valuation of the full survivor benefit without any reduction for possible remarriage.
- Reflection of the employer match on separation benefits for all eligible years.
- Reflection of one year of service eligibility for survivor annuity benefit.
- Refinement of the 18-month annual increase timing.
- Refinements to directly value certain and life, modified cash refund and pop-up benefit forms.

I. Schedule of District's Proportionate Share of the Net Pension Liability (continued)

B. Changes to assumptions or other inputs (continued)

6. Changes Since the December 31, 2014 actuarial valuation (continued):

- Recognition of merit salary increases in the first projection year.
- Elimination of the assumption that 35% of future disabled members elect to receive a refund.
- Removal of the negative value adjustment for liabilities associated with refunds of future terminating members.
- Adjustments to the timing of the normal cost and unfunded actuarial accrued liability payment calculations to reflect contributions throughout the year.

C. Changes of benefit terms.

No changes during the years presented above.

D. Changes of size or composition of population covered by benefit terms.

No changes during the years presented above.

II. Notes to the Schedule of District Pension Contributions

A. Changes to assumptions or other inputs

No changes during the years presented above.

B. Changes of benefit terms.

No changes during the years presented above.

C. Changes of size or composition of population covered by benefit terms.

No changes during the years presented above.

III. Schedule of the District's Proportionate Share of the OPEB Liability

A. Changes to assumptions or other inputs

No changes during the years presented.

B. Changes of benefit term

No changes during the years presented.

C. Changes of size or composition of population covered by terms

No changes during the years presented.

IV. Notes to the Schedule of District OPEB Contributions

A. Changes to assumptions or other inputs

1. Changes since the December 31, 2019 actuarial valuation:

- Changes since the December 31, 2019 to the HCTF actuarial valuation are the same as the changes to the SCHDTF noted in Note I.A.1 above.

B. Changes of benefit terms.

No changes during the years presented.

C. Changes of size or composition of population covered by benefit terms.

No changes during the years presented.

East Grand School District No. 2

Supplementary Information

East Grand School District No. 2
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual (GAAP Basis)
Bond Redemption Fund
For the Year Ended June 30, 2022
(With Comparative Actual Amounts for 2021)

	2022				2021
	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)	Actual Amounts
	Original	Final			
REVENUES					
Property taxes	2,890,635	2,890,635	6,929,017	4,038,382	2,912,834
Other revenue	2,000	2,000	1,704	(296)	2,510
Total revenues	2,892,635	2,892,635	6,930,721	4,038,086	2,915,344
EXPENDITURES					
Debt service:					
Principal	2,140,000	2,140,000	2,185,000	(45,000)	2,055,000
Interest	696,975	696,975	1,851,671	(1,154,696)	787,000
Fiscal charges	4,500	4,500	57,147	(52,647)	1,300
Total expenditures	2,841,475	2,841,475	4,093,818	(1,252,343)	2,843,300
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	51,160	51,160	2,836,903	2,785,743	72,044
OTHER FINANCING SOURCES (USES)					
Proceeds from refunding bonds	-	-	3,070,000	3,070,000	-
Deposit with escrow agent	-	-	(3,014,100)	(3,014,100)	-
Total other financing sources (uses)	-	-	55,900	55,900	-
NET CHANGE IN FUND BALANCES	51,160	51,160	2,892,803	2,841,643	72,044
FUND BALANCES, BEGINNING	2,693,646	2,633,689	2,633,689	-	2,561,645
FUND BALANCES, ENDING	2,744,806	2,684,849	5,526,492	2,841,643	2,633,689

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

East Grand School District No. 2
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual (GAAP Basis)
Building Fund
For the Year Ended June 30, 2022
(With Comparative Actual Amounts for 2021)

	2022				2021
	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)	Actual Amounts
	Original	Final			
REVENUES					
State revenue	-	-	128,481	128,481	1,479,606
Other local revenue	-	-	(155,708)	(155,708)	3,060
Total revenues	-	-	(27,227)	(27,227)	1,482,666
EXPENDITURES					
Facilities improvements and repairs	-	8,000,000	3,688,508	4,311,492	4,337,373
Debt service:					
Principal	-	5,990,000	-	5,990,000	-
Interest and fiscal charges	-	-	565,274	(565,274)	-
Total expenditures	-	13,990,000	4,253,782	9,736,218	4,337,373
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	(13,990,000)	(4,281,009)	9,708,991	(2,854,707)
OTHER FINANCING SOURCES (USES)					
Deposit with escrow agent	-	-	(6,046,095)	(6,046,095)	-
Issuance of debt	85,000,000	85,000,000	85,000,000	-	-
Premium on issuance	18,419,000	18,419,000	18,432,877	13,877	-
Transfers in (out)	-	-	-	-	(60,000)
Total other financing sources (uses)	103,419,000	103,419,000	97,386,782	(6,032,218)	(60,000)
NET CHANGE IN FUND BALANCES	103,419,000	89,429,000	93,105,773	3,676,773	(2,914,707)
FUND BALANCES, BEGINNING	-	111,611	111,612	1	3,026,319
FUND BALANCES, ENDING	103,419,000	89,540,611	93,217,385	3,676,774	111,612

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

East Grand School District No. 2
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual (GAAP Basis)
Capital Reserve Fund - Capital Projects
For the Year Ended June 30, 2022
(With Comparative Actual Amounts for 2021)

	2022				2021
	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)	Actual Amounts
	Original	Final			
REVENUES					
Other local revenue	-	-	115,223	115,223	76,525
Total revenues	-	-	115,223	115,223	76,525
EXPENDITURES					
Facilities improvements and repairs	216,000	493,992	646,944	(152,952)	268,841
Debt service:					
Principal	103,196	103,196	103,196	-	94,451
Interest and fiscal charges	175,102	36,786	106,327	(69,541)	162,207
Total expenditures	494,298	633,974	856,467	(222,493)	525,499
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(494,298)	(633,974)	(741,244)	(107,270)	(448,974)
OTHER FINANCING SOURCES (USES)					
Transfers in (out)	-	503,973	537,546	33,573	501,275
Total other financing sources (uses)	-	503,973	537,546	33,573	501,275
NET CHANGE IN FUND BALANCES	(494,298)	(130,001)	(203,698)	(73,697)	52,301
FUND BALANCES, BEGINNING	950,341	1,053,857	1,054,130	273	1,001,829
FUND BALANCES, ENDING	456,043	923,856	850,432	(73,424)	1,054,130

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

East Grand School District No. 2
Combining Balance Sheet
Non-major Governmental Funds
For the Year Ended June 30, 2022

	Special Revenue		
	Pupil Activity Fund	Transportation Fund	Total Non-major Governmental Funds
ASSETS			
Cash and cash equivalents-Unrestricted	316,166	106	316,272
Investments-Unrestricted	-	355,566	355,566
Accounts, taxes, and interest receivable	-	17,401	17,401
Prepaid items	1,570	-	1,570
Total assets	317,736	373,073	690,809
LIABILITIES			
Accounts payable	5,052	106	5,158
Accrued compensation	12,099	30,262	42,361
Total liabilities	17,151	30,368	47,519
FUND BALANCES			
Non-spendable	1,570	-	1,570
Spendable:			
Committed	299,015	342,705	641,720
Total fund balances	300,585	342,705	643,290
Total liabilities and fund balances	317,736	373,073	690,809

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

East Grand School District No. 2
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
Non-major Governmental Funds
For the Year Ended June 30, 2022

	Special Revenue		
	Pupil Activity Fund	Transportation Fund	Total Non-major Governmental Funds
REVENUES			
Taxes:			
Property taxes	-	313,238	313,238
Specific ownership taxes	-	21,287	21,287
Intergovernmental revenue:			
State revenue	-	149,640	149,640
Other revenue	433,567	-	433,567
Total revenues	433,567	484,165	917,732
EXPENDITURES			
Direct instruction	173,185	-	173,185
Transportation	-	571,293	571,293
General administration	-	782	782
Student activities	727,734	-	727,734
Capital outlay	-	1,048	1,048
Total expenditures	900,919	573,123	1,474,042
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(467,352)	(88,958)	(556,310)
OTHER FINANCING SOURCES (USES)			
Transfers in (out)	546,954	-	546,954
Total other financing sources (uses)	546,954	-	546,954
NET CHANGE IN FUND BALANCES	79,602	(88,958)	(9,356)
FUND BALANCES, BEGINNING	220,983	431,663	652,646
FUND BALANCES, ENDING	300,585	342,705	643,290

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

East Grand School District No. 2
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual (GAAP Basis)
Pupil Activity Fund
For the Year Ended June 30, 2022
(With Comparative Actual Amounts for 2021)

	2022				2021
	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)	Actual Amounts
	Original	Final			
REVENUES					
Other revenue	382,442	382,442	433,567	51,125	260,099
Total revenues	382,442	382,442	433,567	51,125	260,099
EXPENDITURES					
Direct instruction	78,000	79,800	173,185	(93,385)	162,900
Student activities	569,880	584,880	727,734	(142,854)	509,391
Total expenditures	647,880	664,680	900,919	(236,239)	672,291
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(265,438)	(282,238)	(467,352)	(185,114)	(412,192)
OTHER FINANCING SOURCES (USES)					
Transfers in (out)	508,504	523,504	546,954	23,450	404,659
Total other financing sources (uses)	508,504	523,504	546,954	23,450	404,659
NET CHANGE IN FUND BALANCES	243,066	241,266	79,602	(161,664)	(7,533)
FUND BALANCES, BEGINNING	27,961	22,051	220,983	198,932	228,516
FUND BALANCES, ENDING	271,027	263,317	300,585	37,268	220,983

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

East Grand School District No. 2
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual (GAAP Basis)
Transportation Fund
For the Year Ended June 30, 2022
(With Comparative Actual Amounts for 2021)

	2022				2021
	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)	Actual Amounts
	Original	Final			
REVENUES					
Taxes:					
Property taxes	299,185	299,185	313,238	14,053	301,373
Specific ownership taxes	25,000	25,000	21,287	(3,713)	23,654
Intergovernmental revenue:					
State revenue	120,000	146,397	149,640	3,243	104,286
Other revenue	13,500	13,500	-	(13,500)	-
Total revenues	457,685	484,082	484,165	83	429,313
EXPENDITURES					
Transportation	475,954	475,954	571,293	(95,339)	263,172
General administration	800	800	782	18	754
Capital outlay	5,800	5,800	1,048	4,752	-
Total expenditures	482,554	482,554	573,123	(90,569)	263,926
NET CHANGE IN FUND BALANCES	(24,869)	1,528	(88,958)	(90,486)	165,387
FUND BALANCES, BEGINNING	675,370	484,082	431,663	(52,419)	266,276
FUND BALANCES (DEFICIT), ENDING	650,501	485,610	342,705	(142,905)	431,663

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

East Grand School District No. 2
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Schedule of Combined General Fund
For the Year Ended June 30, 2022

	District General Fund	Insurance Reserve Fund	Total
REVENUES			
Property taxes	13,944,148	-	13,944,148
Specific ownership taxes	1,175,170	-	1,175,170
Intergovernmental - State revenue	971,987	-	971,987
Intergovernmental - Federal revenue	1,271,395	-	1,271,395
Interest income	25,776	-	25,776
Other	285,713	489	286,202
Total revenues	17,674,189	489	17,674,678
EXPENDITURES			
Direct instruction	10,710,740	-	10,710,740
Indirect instruction	1,701,772	-	1,701,772
Transportation	73,496	37,290	110,786
Custodial and maintenance	2,039,696	87,145	2,126,841
Support services	242,867	178,354	421,221
General administration	2,013,260	-	2,013,260
Total expenditures	16,781,831	302,789	17,084,620
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	892,358	(302,300)	590,058
OTHER FINANCING SOURCES (USES)			
Transfers in (out)	(1,387,325)	302,825	(1,084,500)
Total other financing sources (uses)	(1,387,325)	302,825	(1,084,500)
NET CHANGE IN FUND BALANCES	(494,967)	525	(494,442)
FUNDS BALANCES, BEGINNING	5,993,487	(525)	5,992,962
FUND BALANCES, ENDING	5,498,520	-	5,498,520

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

East Grand School District No. 2
Schedule of Capital Assets Used in the Operation of Governmental Funds
Comparative Schedule
June 30, 2022 and 2021

	2022	2021
Governmental funds capital assets:		
Land	524,414	524,414
Buildings and improvements	65,068,241	57,367,690
Equipment	1,267,070	965,608
Vehicles	2,135,986	2,024,302
Construction in progress	3,240,746	7,478,302
Total governmental funds capital assets	72,236,457	68,360,316

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

Colorado Department of Education

Auditors Integrity Report

District: 1350 - East Grand 2
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	5,993,487	16,286,866	16,781,834	5,498,519
18 Risk Mgmt Sub-Fund of General Fund	-525	303,314	302,789	0
19 Colorado Preschool Program Fund	0	0	0	0
Sub- Total	**5,992,962**	**16,590,180**	**17,084,622**	**5,498,519**
11 Charter School Fund	0	0	0	0
20,26-29 Special Revenue Fund	0	0	0	0
06 Supplemental Cap Const, Tech, Main. Fund	0	0	0	0
07 Total Program Reserve Fund	0	0	0	0
21 Food Service Spec Revenue Fund	137,264	830,058	732,571	234,751
22 Govt Designated-Purpose Grants Fund	0	1,301,426	1,301,426	0
23 Pupil Activity Special Revenue Fund	220,983	980,521	900,919	300,585
25 Transportation Fund	431,664	484,165	573,123	342,705
31 Bond Redemption Fund	2,633,689	10,000,720	7,107,917	5,526,492
39 Certificate of Participation (COP) Debt Service Fund	0	0	0	0
41 Building Fund	111,611	103,405,649	10,299,877	93,217,384
42 Special Building Fund	0	0	0	0
43 Capital Reserve Capital Projects Fund	1,054,129	652,768	856,465	850,432
46 Supplemental Cap Const, Tech, Main Fund	0	0	0	0
Totals	**10,582,302**	**134,245,488**	**38,856,921**	**105,970,868**
Proprietary				
50 Other Enterprise Funds	0	0	0	0
64 (63) Risk-Related Activity Fund	0	0	0	0
60,65-69 Other Internal Service Funds	0	0	0	0
Totals	**0**	**0**	**0**	**0**
Fiduciary				
70 Other Trust and Agency Funds	0	0	0	0
72 Private Purpose Trust Fund	0	0	0	0
73 Agency Fund	0	0	0	0
74 Pupil Activity Agency Fund	0	0	0	0
79 GASB 34:Permanent Fund	0	0	0	0
85 Foundations	0	0	0	0
Totals	**0**	**0**	**0**	**0**

FINAL

East Grand School District No. 2

Reports and Schedules for Reporting Requirements
of Uniform Guidance

EAST GRAND SCHOOL DISTRICT

EXCELLENCE IN EDUCATION

McMahan and Associates, L.L.C.
Certified Public Accountants and Consultants

Chapel Square, Bldg C
245 Chapel Place, Suite 300
P.O. Box 5850, Avon, CO 81620

Web Site: www.mcmahancpa.com
Main Office: (970) 845-8800
Facsimile: (970) 845-8108
E-mail: mcmahan@mcmahancpa.com

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 *GOVERNMENTAL AUDITING STANDARDS*

To the Board of Education
East Grand School District No. 2
Granby, 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 remaining fund information of East Grand School District No. 2 (the "District") as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 5, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit on the financial statements, we considered the District's internal control over financial reporting (internal control) 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.

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 a combination of deficiencies, in internal control that is less severe that a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control 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 of 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 communication is not suitable for any other purpose.

McMahan and Associates, L.L.C.

McMahan and Associates, L.L.C.
Avon, Colorado
December 5, 2022

McMahan and Associates, L.L.C.
Certified Public Accountants and Consultants

Chapel Square, Bldg C
245 Chapel Place, Suite 300
P.O. Box 5850, Avon, CO 81620

Web Site: www.mcmahancpa.com
Main Office: (970) 845-8800
Facsimile: (970) 845-8108
E-mail: mcmahan@mcmahancpa.com

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Education
East Grand School District No. 2
Granby, Colorado

Opinion on Each Major Federal Program

We have audited East Grand School District No. 2's (the "District") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 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 (U.S. GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the audit requirements of Title 2, U.S. Code of Federal Regulations, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "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.

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 U.S. 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 U.S. 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 the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program or 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 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 the internal control over compliance 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 compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been 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.

INDEPENDENT AUDITOR'S REPORT
To the Board of Education
East Grand School District No. 2

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.

McMahan and Associates, L.L.C.

McMahan and Associates, L.L.C.
Avon, Colorado
December 5, 2022

East Grand School District No. 2, Colorado
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2022

Part I: Summary of Auditor's Results

Financial Statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weakness identified	None noted
Significant deficiency identified	None noted
Noncompliance material to financial statements noted	None noted

Federal Awards

Internal control over major programs:	
Material weakness identified	None noted
Significant deficiency identified	None noted
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Title 2 U.S. Code of Federal Regulations Part 200	None noted
Major program – Child Nutrition Cluster	ALN 10.553 ALN 10.555 ALN 10.559
Dollar threshold used to identify Type A from Type B programs	$750,000
Identified as low-risk auditee	Yes

Part II: Findings Related to Financial Statements

Findings related to financial statements as required by *Government Auditing Standards*	None noted
Auditor-assigned reference number	Not applicable

Part III: Findings Related to Federal Awards

Internal control findings	None noted
Compliance findings	None noted
Questioned costs	None noted
Auditor-assigned reference number	Not applicable

East Grand School District No. 2
SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2022

Note: There were no findings for the fiscal year ended June 30, 2021.

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

Program Title	Federal ALN	Grant Project Code	Expenditures	
United States Department of Education				
Rural Education Achievement Program	84.358	4358	$ 24,408	
Passed through Colorado Department of Education:				
Title I				
Title I, Part A Improving Basic Programs Operated by Schools	84.010	4010	63,946	
Title I, Part A ESSA	84.010	6010	27,574	
Total Title I			91,520	
Title II, Part A Supporting Effective Instruction	84.367	4367	16,831	
Title IV, Part A Student Support and Academic Enrichment	84.424A	4424	10,000	
ESSER				
ESSER III 90% LEA Allocation	84.425U	4414	232,909	
ESSER I CARES 9.5% State Set-Aside, Curricula Materials Grant	84.425U	4445	56,100	
Total ESSER			289,009	
Total Passed through Colorado Department of Education			407,360	
Total United States Department of Education			431,768	
National Endowment for Humanities				
Passed through Colorado Department of Education:				
ARPA Library Grant	45.310	7310	6,500	
Total National Endowment for Humanities			6,500	
United States Department of Agriculture:				
Passed through Colorado Department of Education:				
Seamless Summer Breakfast Option	10.553	5553	146,332	***A***
National School Lunch Program				
National School Lunch Program	10.555	4555	1,047	***A***
Seamless Summer Lunch Option	10.555	5555	583,526	***A***
Supply Chain Assistance	10.555	6555	24,309	***A***
Total National School Lunch Program			608,882	
Summer Food Service Program for Children	10.559	4559	12,810	***A***
SNAP - PEBT Mini Grant	10.649	4649	614	
Total Summer Food Service Program for Children			622,306	
Passed through Colorado Department of Human Services:				
Food Distribution Commodities	10.555	4555	29,791	***A***
Passed through Grand County:				
School and Roads - Grants to States	10.665	7665	1,269,371	***B***
Total United States Department of Agriculture			2,067,800	
Total Federal Expenditures			$ 2,506,068	

Additional Information for Clusters:

A - Child Nutrition Cluster	$ 797,815
B - Forest Service Schools and Roads Cluster	1,269,371

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

Note 1. Basis of Presentation:
The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of East Grand School District, and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of *Title 2, US Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (the "Uniform Guidance")*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in, the preparation of the basic financial statements.

Note 2. Determining the Value of Non-Cash Awards Expended:
Food Commodities are valued at the assessed value provided by the federal agency at the time of receipt.

Note 3. Sub recipients:
East Grand School District did not provide any federal awards received to sub recipients.

Note 4. Indirect Facilities and Administration costs:
The District does not opt to use the 10% de minimis cost rate allowed in 200.414, *Indirect (F&A) Costs*, of the *Uniform Guidance*.