

cPa DIXON, WALLER & CO., INC.

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FREMONT COUNTY SCHOOL

DISTRICT NUMBER RE-2

FLORENCE, COLORADO

FINANCIAL STATEMENTS

JUNE 30, 2023

**DIXON, WALLER & CO., INC.**

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**FREMONT COUNTY SCHOOL DISTRICT RE-2**

**FINANCIAL STATEMENTS**

**JUNE 30, 2023**

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FREMONT COUNTY SCHOOL DISTRICT RE-2  
ROSTER OF SCHOOL OFFICIALS  
June 30, 2023

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BOARD OF EDUCATION

**Brad Knifong**

**President**

**Janelle Dodd**

**Vice-President**

**Andy Franklin**

**Treasurer**

**Samantha Storjohann**

**Secretary**

**Linda Schmidt**

**Director**

SCHOOL OFFICIALS

**Brenda Krage**

**Superintendent**

**FINANCIAL SECTION**



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TRINIDAD, COLORADO 81082  
(719) 846-9241 FAX (719) 846-3352

**INDEPENDENT AUDITOR'S REPORT**

**Board of Education  
Fremont County School  
District Number RE-2  
Florence, Colorado 81226**

**Opinions**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Fremont County School District Number RE-2, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Fremont County School District Number RE-2'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, each major fund, and the aggregate remaining fund information of Fremont County School District Number RE-2, as of June 30, 2023, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Fremont County School District Number RE-2, 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 accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Fremont County School District Number RE-2's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Fremont County School District Number RE-2'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 Fremont County School District Number RE-2's ability to continue as a going concern for a reasonable period of time.

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

### **Required Supplementary Information**

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

### Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Fremont County School District Number RE-2's basic financial statements. The accompanying other schedules, state required schedules, and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the individual fund financial statements, other schedules, state required schedules, and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2023, on our consideration of Fremont County School District Number RE-2's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Fremont County School District Number RE-2's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Fremont County School District Number RE-2's internal control over financial reporting and compliance.



October 31, 2023

## MANAGEMENT'S DISCUSSION AND ANALYSIS

# **Fremont RE-2 School District Management's Discussion and Analysis**

As management of the Fremont RE-2 School District, we offer readers of the District's Comprehensive Annual Financial Report this narrative and analysis of the financial activities of the District for the fiscal year ending June 30, 2023. We encourage readers to consider the information presented here in conjunction with additional information provided in the Independent Auditor's report.

## **Financial Highlights**

- ❑ The primary government has government-wide net position of \$8,945,225 at the end of the current fiscal year due to the net pension liability of over \$18.96 million dollars
  
- ❑ Governmental activities have an unassigned fund balance of over \$42,868,779
  
- ❑ Fund balance of the District's governmental funds increased by \$26,727,601 resulting in an ending fund balance of \$42,868,779. The General Fund balance decreased from a beginning balance of \$8,406,969 to an ending balance of \$7,838,164. There are monies kept in the Non-Restricted Projects Fund (a subset of the General Fund), but are currently not available for the day-to-day operations of the District.

## **Overview of the Financial Statements**

The Management's discussion and analysis is intended to be an introduction into the District's basic financial statements. The prior year's statements are provided for comparison. The Fremont RE-2 School District's basic financial statements are comprised of three components:

- 1) Government-wide financial statements
- 2) Fund financial statements
- 3) Notes to basic financial statements

The Management's Discussion and Analysis also contains other supplemental information.

## **Government-Wide Financial Statements**

The financial statements provided are designed to supply the reader an overview of the District's financial activities similar to those statements used in the private sector. The government-wide statements relate to those activities directly related to the education of the students.

The statement of net assets presents information on all of the District's assets and liabilities. The difference between the two is reported as net assets. Changes in net assets from year-to-year may be used as an indicator of the overall financial position of the District.

The statement of activities presents the current fiscal year revenues and expenses to show how the net assets of the district changed during the year. In the statement of activities, changes in net assets are recorded when the event occurs. This could mean that information may be reported for revenues and expenses that will result in cash flow differences in future fiscal years.

Governmental activities consolidate all of the following Fremont RE-2 School District funds: general fund, Colorado preschool fund, governmental designated-purpose grants fund, capital reserve fund, general capital projects fund, pupil activity fund, non-restricted projects fund and bond redemption fund. Business-type activities include only the food service fund. The district added a Building Fund this year to accommodate a bond passed in the amount of \$25,000,000 plus premium of \$2,791,463 for the purpose of

adding a secondary gymnasium and a Career & Technical Education Building at Florence Junior Senior High School; a new cafeteria added to Fremont Elementary School as well as restructuring the pickup/drop off area for buses; and a safety upgrade to Penrose Elementary School.

Fremont Re-2 expended: ESSER II monies in the amount of \$104,821 and ESSER III, in the amount of \$1,492,482 to continue the Capital Reserve Capital Projects Energy Performance Contract at Fremont Elementary School.

### **Fund Financial Statements**

Fund financial statements are designed to display compliance with finance-related legal requirements. A fund is a grouping of related accounts designed to keep control over resources segregated for specific activities or objectives. The Fremont RE-2 School District, like other governments, uses fund accounting to guarantee and prove compliance. All of the funds of the District can be divided into two categories: governmental funds and fiduciary funds.

#### Governmental Funds

Governmental funds account for the same functions reported as governmental activities in the government-wide financial statements. However, governmental fund financial statements emphasize short-term financial resources and fund balances (spendable resources available at the end of the fiscal year). Such information is used to evaluate the District's short-term financing requirements. Comparison of the governmental funds with the government-wide funds may allow the reader to better understand the long-term impact of the District's near-term financing decisions.

Fremont RE-2 School District maintains three different governmental funds called major funds: the General fund (which combines the District's general operating fund, general capital projects fund, non-restricted project fund and Colorado preschool fund), the Bond Redemption Fund and the Designated Purpose Grants fund. They are presented separately in the fund financial statements with the remaining governmental funds (combined into a single aggregated presentation labeled other governmental funds). Other governmental funds, called non-major funds, include the District's Capital Reserve fund and the Pupil Activity fund. Individual fund information for the non-major funds is presented as other supplemental information after the notes section of this report.

The District adopts an annual appropriated budget for each of the individual governmental funds. A budgetary comparison schedule for the general fund is included in the fund financial statements to demonstrate compliance with the adopted budget. The remaining governmental funds budgetary comparisons are reported as other supplemental information and can be found after the notes section of this report.

#### Fiduciary Funds

Fiduciary funds are used to account for resources held by the District for parties outside of the District. Fiduciary funds are not reflected in the government-wide financial statements because these sources of those funds are not available to support Fremont RE-2 School District's direct educational programs. The accounting method used for fiduciary funds is much like that used for proprietary funds.

#### **Notes to the Financial Statements**

The notes to the financial statements provide additional information that is essential to understanding the data supplied in the government-wide and fund financial statements.

#### **Other Information**

In addition to the financial statements and accompanying notes, this report also contains other supplemental information concerning the District's non-major governmental funds. The combining statements of the non-major governmental funds are presented after the notes to the financial statements.

## Government-Wide Financial Analysis

### Government-Wide Net Position

The assets of the Fremont RE-2 School District are classified as current assets and capital assets. Cash, investments, receivables, inventories and prepaid expenditures are current assets. These assets are available to provide resources for the near-term operations of the District. Capital assets are used in the operations of the District. These assets include land, buildings, equipment and vehicles.

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### Fremont RE-2 School District Net Position

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	Net Position	
	Governmental Activities	
	FY 23	FY 22
<b>ASSETS</b>		
Current and Other Assets	47,805,083	18,606,272
Capital Assets	17,119,043	10,509,960
Total Assets	64,924,126	29,116,232
Deferred Outflows	4,329,418	3,047,179
<b>LIABILITIES</b>		
Current and Other Liabilities	10,517,780	3,861,518
Long Term Liabilities	46,342,299	18,439,504
Total Liabilities	56,860,079	22,301,022
Deferred Inflows	3,448,240	8,203,155
<b>NET POSITION</b>		
Net Investment in Capital Assets	11,155,703	5,156,817
Restricted for:		
Tabor Reserve	645,000	495,000
Debt Service	3,461,604	3,361,042
Capital Outlay	27,016,559	95,047
Preschool	202,535	167,503
Food Service	803,119	842,251
Unrestricted	(34,339,295)	(8,458,426)
Total Net Position	8,945,265	1,659,234

### Government-Wide Activities

Governmental activities increased the net assets of the District during the current fiscal year ending June 30, 2023.

	<b>Changes in Net Position</b>	
	<b>Governmental Activities</b>	
	<b>FY 23</b>	<b>FY 22</b>
<b>Revenues</b>		
Charges for Services	701,562	525,067
Operating Grants and Contributions	3,817,668	4,677,252
Capital Grants and Contributions	4,375,836	0
Property taxes	5,159,344	5,063,994
Specific Ownership Taxes	659,871	674,952
Equalization	9,596,991	9,134,275
Earnings on investments	1,101,015	35,827
Other Revenues	179,533	271,201
	<u>25,591,820</u>	<u>20,382,568</u>
<b>TOTAL REVENUES</b>		
<b>Expenses</b>		
Instructional services	11,322,583	10,538,529
Supporting services:		
Students	1,178,993	829,035
Instructional staff	95,518	108,202
District administration	696,805	613,161
School administration	891,777	811,360
Business	243,449	237,560
Operation and maintenance of facilities	2,242,787	1,232,505
Transportation	608,111	682,078
Central	254,831	199,406
Other	1,107	10,426
Food Service	1,033,324	930,192
Capital outlay	395,604	115,576
Interest and Fees	470,862	93,377
Pension and OPEB Changes	(1,129,922)	(6,396,009)
	<u>18,305,829</u>	<u>10,005,398</u>
<b>TOTAL EXPENSES</b>		
<b>Increase ( Decrease in Net Position )</b>	<u>7,285,991</u>	<u>10,377,170</u>

**Table - 3 Governmental Activities by Major Function**

	Total Cost of Service		Net Cost of Service	
	FY 23	FY 22	FY 23	FY 22
Instructional services	11,322,583	10,538,529	(8,610,379)	(7,049,786)
Supporting services:			-	
Students	1,178,993	829,035	(750,382)	(484,505)
Instructional staff	95,518	108,202	(92,640)	(108,202)
District administration	696,805	613,161	(669,658)	(613,161)
School administration	891,777	811,360	(852,933)	(811,360)
Business	243,449	237,560	(236,213)	(237,560)
Operation and maintenance of facilities	2,242,787	1,232,505	(2,188,173)	(1,190,883)
Transportation	608,111	682,078	(426,303)	(520,365)
Central	254,831	199,406	(247,864)	(199,406)
Other	1,107	10,426	(1,107)	(10,426)
Food Service	1,033,324	930,192	25,597	235,519
Capital outlay	395,604	115,576	3,980,232	(115,576)
Interest and Fees	470,862	93,377	(470,862)	(93,377)
Pension and OPEB Changes	(1,129,922)	(6,396,009)	1,129,922	6,396,009
<b>Total</b>	<b>18,305,829</b>	<b>10,005,398</b>	<b>(9,410,763)</b>	<b>(4,803,079)</b>

**CAPITAL ASSETS**

Capital Assets ( Net of Depreciation )	Governmental <u>2022-2023</u>	Governmental <u>2021-2022</u>
Land & Sites	1,007,850	1,007,850
Buildings & Improvements	14,964,054	8,501,158
Equipment & Vehicles	991,561	915,121
Food Service	155,578	85,831
<b>Total Capital Assets</b>	<b>17,119,043</b>	<b>10,509,960</b>

### **Business-Type Activities**

Business-type activities of the District's accounts have been combined with the General Fund Activities per state requirement for the 2022-2023 fiscal year.

### **Financial Analysis of the Government 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, unreserved fund balance may serve as a useful measure of Fremont RE-2 School District's net resources available for spending at the end of the fiscal year.

The combined general fund is the major governmental fund of Fremont RE-2 School District. The combined general fund under GASB 34 reporting requirements includes the general fund, non-restricted projects fund, the general capital projects fund, the Colorado preschool fund, and the food service fund. As of June 30, 2023, the combined general fund shows an ending fund balance of \$11,299,063 down from the combined fund balance of \$11,538,551 for the prior year.

### **General Fund Budgetary Highlights**

Fremont RE-2 School District began budget development for the 2022-2023 fiscal year in February 2022 with preliminary analysis of salary requirements related to teacher negotiations. After reviewing enrollment projections and the most current revenue assumptions, the Superintendent and her senior staff prepared a preliminary budget by prioritizing the needs expressed in the hearings' process. Teacher, administrative, and classified employees' salary increases were put into effect as stated in the District's Negotiated Agreement. It was decided to give step plus 10% increases to all employees who were eligible. The preliminary budget was presented to the Board of Education in May 2022. Adoption of the 2022-2023 District budget occurred in June of 2022 with a Final Budget adopted in January 2023.

### **Capital Assets and Debt Administration**

The District's investment in capital assets for its business-type activities has been combined with the general fixed assets as of July 1, 2023. The amount capitalized has decreased dramatically due to funding. The District spent over \$18,000,000 on the construction of a new high school. The investments were made possible due to the passage of a \$22,000,000 bond in November 2003. Subsequently, a new bond was passed in November 2022 in the amount of \$25,000,000 for the purpose of adding an additional gymnasium and Career & Technical Educational building at the Florence Jr Sr High School, a cafeteria addition to Fremont Elementary and security upgrades to Penrose Elementary. The Bond Redemption schedule is not to exceed \$1,920,000 per year for the 20 years from 2022-2041. During the 2006-2007 fiscal year, \$9,465,000 in 2004 General Obligations Bonds were refinanced to take advantage of lower interest rates on longer term bonds. The refinancing provided the district a present value savings of \$384,582, which translates into a projected Net Future Value Savings of \$607,345. Additionally, in 2015 the District refinanced the 2006 G.O. Bonds for an accumulative savings of over \$1,000,000. Additional information on the District's capital assets can be found in this report.

CHANGES IN LONG TERM DEBT	Balance 7/1/2022	Additions	Deletions	Balance 6/30/2023
G.O. Bonds Series 2023	-	25,000,000	-	25,000,000
G.O. Bonds Series 2015	2,920,000		1,455,000	1,465,000
Energy Project Lease	2,433,143		135,243	2,297,900
<b>Totals</b>	<b>5,353,143</b>	<b>25,000,000</b>	<b>1,590,243</b>	<b>28,762,900</b>

### Long Term Liabilities

The District has a long term debt liability which is not due or payable during this period. The District's portion of the net pension obligation for PERA is reported on the statement of net position and not as a liability in the funds. The amount obligated to PERA is \$18,969,399.

### Economic Factors and Next Year's Budgets

The General Fund fund balance demonstrates that the District is financially stable. The District continues to be in a situation of declining enrollment but has made the necessary adjustments to keep expenditures in line with revenues. In light of the current economy in the State of Colorado, and the fact that the majority of the District's revenue is flow through money from State Equalization, the District along with the Eastern Fremont Education Association and the Classified Association agreed to fund incremental raises for the 2022-2023 school year.

It is our opinion that the District's revenue stream for the General Fund has begun to level out over the past few years and will continue to do so over the next several years. The District continues to be in a state of declining enrollment and over the past few years Amendment 23 has helped stabilize the revenue stream. Amendment 23 guarantees that K-12 funding will be increased at a rate of the Denver-Boulder CPI plus 1%. In past years, inflation increased so funding has stayed level with declining enrollment (stable revenues). For the budget year 2022-2023, the inflation rate is 7.1%, up significantly from prior years, but is expected to decrease in 2023 and 2024.

As a result of the prolonged economic conditions that exist in the state, the State of Colorado has been unable to fully fund school districts beginning with school year 2009-2010. The actual funded Total Program for school districts has declined 8.26% from the high in 2009-2010. The continued gap in funding has created a Total Loss Revenue over the past fourteen years of \$17,091,635 with a negative factor of \$493,561 for the fiscal year 2022-2023. The district was not required to make any cuts for the current school year. The future negotiations between District and the Associations will be important to the financial stability of the District. The other governmental funds should not be affected by the economy as they are all tied to property tax revenues generated by mill levies.

### Requests for Information

This financial report is designed to provide a general overview of the Fremont RE-2 School District's finances for all those with an interest in the District. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

Jacque Corsentino, Director of Business Services  
 Fremont RE-2 School District  
 403 W. 5<sup>th</sup> Street  
 Florence, Colorado 81226

**BASIC FINANCIAL STATEMENTS**

**FREMONT COUNTY SCHOOL DISTRICT RE-2**  
**STATEMENT OF NET POSITION**  
**June 30, 2023**

	<u>Governmental</u>	<u>Total</u>
	<u>Activities</u>	
<b><u>ASSETS</u></b>		
Cash and Equivalents	45,543,381	45,543,381
Accounts Receivable	63,175	63,175
Grants Receivable	1,475,506	1,475,506
Property Taxes Receivable	711,111	711,111
Inventories	11,910	11,910
Capital Assets	50,261,718	50,261,718
Accumulated Depreciation	<u>(33,142,675)</u>	<u>(33,142,675)</u>
<b><u>Total Assets</u></b>	<b><u>64,924,126</u></b>	<b><u>64,924,126</u></b>
<b><u>DEFERRED OUTFLOW OF RESOURCES</u></b>		
Pensions	4,191,498	4,191,498
Other Post Employment Benefits	106,188	106,188
Deferred Refunding	<u>31,732</u>	<u>31,732</u>
<b><u>Total Deferred Outflow of Resources</u></b>	<b><u>4,329,418</u></b>	<b><u>4,329,418</u></b>
<b><u>LIABILITIES</u></b>		
Deficit Cash	282,344	282,344
Accounts Payable	2,098,169	2,098,169
Accrued Salaries	1,415,139	1,415,139
Accrued Interest Payable	152,788	152,788
Compensated Absences	290,712	290,712
Unearned Revenues	575,052	575,052
Unamortized Bond Premium	3,667,407	3,667,407
Debt – Within 1 Year	2,036,169	2,036,169
Debt – More Than 1 Year	26,726,731	26,726,731
Net Pension Liability	18,969,399	18,969,399
Net OPEB Liability	<u>646,169</u>	<u>646,169</u>
<b><u>Total Liabilities</u></b>	<b><u>56,860,079</u></b>	<b><u>56,860,079</u></b>
<b><u>DEFERRED INFLOW OF RESOURCES</u></b>		
Pensions	3,152,879	3,152,879
Other Post Employment Benefits	<u>295,361</u>	<u>295,361</u>
<b><u>Total Deferred Inflow of Resources</u></b>	<b><u>3,448,240</u></b>	<b><u>3,448,240</u></b>
<b><u>NET POSITION</u></b>		
Net Investment in Capital Assets	11,155,703	11,155,703
Restricted for:		
TABOR Reserve	645,000	645,000
Preschool	202,535	202,535
Debt Service	3,461,604	3,461,604
Capital Outlay	27,016,559	27,016,559
Food Service	803,119	803,119
Unrestricted	<u>(34,339,295)</u>	<u>(34,339,295)</u>
<b><u>TOTAL NET POSITION</u></b>	<b><u>8,945,225</u></b>	<b><u>8,945,225</u></b>

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

**FREMONT COUNTY SCHOOL DISTRICT RE-2**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2023**

	Program Revenues		Net (Expenses) Revenue and Changes in Net Position	
	Charges for Services	Operating Grants & Contributions	Capital Grants and Contributions	Primary Government Governmental Activities
	Expenses	Total		
<b>FUNCTIONS</b>				
Instructional Services	11,322,583	2,712,204	-	(8,610,379)
Supporting Services:				
Students	1,178,993	27,630	-	(750,382)
Instructional Staff	95,518	2,878	-	(92,640)
District Administration	696,805	27,147	-	(669,658)
School Administration	891,777	38,844	-	(852,933)
Business	243,449	7,236	-	(236,213)
Operation & Maintenance of Facilities	2,242,787	23,809	-	(2,188,173)
Transportation	608,111	181,808	-	(426,303)
Central Facility	254,831	6,967	-	(247,864)
Other	1,107	-	-	(1,107)
Food Service	1,033,324	789,145	-	25,597
Capital Outlay	395,604	-	4,375,836	3,980,232
Interest and Fees	470,862	-	-	(470,862)
Pension and OPEB Changes	(1,129,922)	-	-	1,129,922
<b>Total Governmental Activities</b>	<b>18,305,829</b>	<b>3,817,668</b>	<b>4,375,836</b>	<b>(9,410,763)</b>
<b>Total School District</b>	<b>18,305,829</b>	<b>3,817,668</b>	<b>4,375,836</b>	<b>(9,410,763)</b>
<b>General Revenues</b>				
Property Taxes Levied for General Purpose		5,159,344		5,159,344
Specific Ownership Taxes		659,871		659,871
Equalization		9,596,991		9,596,991
Earnings on Investments		1,101,015		1,101,015
Other Revenues		179,533		179,533
<b>Total General Revenues</b>		<b>16,696,754</b>		<b>16,696,754</b>
<b>Change in Net Position</b>		<b>7,285,991</b>		<b>7,285,991</b>
<b>Net Position, Beginning</b>		<b>1,659,234</b>		<b>(22,642,380)</b>
<b>Net Position, Ending</b>		<b>8,945,225</b>		<b>(15,356,389)</b>

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

**FREMONT COUNTY SCHOOL DISTRICT RE-2  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2023**

	<u>General</u>	<u>Bond</u>	<u>Food Service</u>
<b><u>ASSETS</u></b>			
Cash and Equivalents	13,335,659	3,431,740	697,434
Accounts Receivable	52,947	-	10,228
Grants Receivable	85,923	-	78,306
Due From Other Funds	119,655	-	81,277
Property Taxes Receivable	439,511	271,600	-
Inventories	-	-	<u>11,910</u>
<b><u>Total Assets</u></b>	<u>14,033,695</u>	<u>3,703,340</u>	<u>879,155</u>
<b><u>LIABILITIES</u></b>			
Accounts Payable	24,013	-	926
Accrued Salaries	1,274,818	-	55,070
Due To Other Funds	540,100	16,136	-
Deficit Cash	-	-	-
Unearned Revenues	<u>555,701</u>	-	<u>8,130</u>
<b><u>Total Liabilities</u></b>	<u>2,394,632</u>	<u>16,136</u>	<u>64,126</u>
<b><u>DEFERRED INFLOW OF RESOURCES</u></b>			
Property Taxes	<u>340,000</u>	<u>225,600</u>	<u>-</u>
<b><u>FUND BALANCES:</u></b>			
<b>Nonspendable:</b>			
Inventories	-	-	11,910
<b>Restricted for:</b>			
Emergencies	645,000	-	-
Preschool	202,535	-	-
Debt Service	-	3,461,604	-
Capital Outlay	-	-	-
Food Service	-	-	803,119
<b>Committed for:</b>			
Capital Outlay	509,134	-	-
Maintenance	2,749,230	-	-
<b>Assigned for:</b>			
Pupil Activities	-	-	-
Unassigned	<u>7,193,164</u>	-	-
<b><u>Total Fund Balances</u></b>	<u>11,299,063</u>	<u>3,461,604</u>	<u>815,029</u>
<b><u>TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</u></b>			
	<u>14,033,695</u>	<u>3,703,340</u>	<u>879,155</u>

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

<u>Building</u>	<u>Capital Projects Funds</u>	<u>Designated Purpose Grants</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
27,791,463	-	-	287,085	45,543,381
-	-	-	-	63,175
-	1,111,286	199,991	-	1,475,506
-	458,823	-	-	659,755
-	-	-	-	711,111
-	-	-	-	11,910
<u>27,791,463</u>	<u>1,570,109</u>	<u>199,991</u>	<u>287,085</u>	<u>48,464,838</u>
774,904	1,287,765	-	10,561	2,098,169
-	-	85,251	-	1,415,139
-	-	103,519	-	659,755
-	282,344	-	-	282,344
-	-	11,221	-	575,052
<u>774,904</u>	<u>1,570,109</u>	<u>199,991</u>	<u>10,561</u>	<u>5,030,459</u>
-	-	-	-	<u>565,600</u>
-	-	-	-	11,910
-	-	-	-	645,000
-	-	-	-	202,535
-	-	-	-	3,461,604
27,016,559	-	-	-	27,016,559
-	-	-	-	803,119
-	-	-	-	509,134
-	-	-	-	2,749,230
-	-	-	276,524	276,524
-	-	-	-	7,193,164
<u>27,016,559</u>	<u>-</u>	<u>-</u>	<u>276,524</u>	<u>42,868,779</u>
<u>27,791,463</u>	<u>1,570,109</u>	<u>199,991</u>	<u>287,085</u>	<u>48,464,838</u>

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

**FREMONT COUNTY SCHOOL DISTRICT RE-2  
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET  
TO STATEMENT OF NET POSITION  
June 30, 2023**

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

<b>TOTAL FUND BALANCE – GOVERNMENTAL FUNDS</b>	<b>42,868,779</b>
Capital Assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$50,261,718 and the accumulated depreciation is \$33,142,675.	17,119,043
Property tax revenues is recognized when earned (claim to resources established) rather than when “available”. All of the deferred property tax revenue is not available in the fund financial statements.	565,600
Compensated absences are not reported as a liability in the funds.	(290,712)
Long term liabilities are not due and payable in the current period and therefore are not reported in the funds.	(28,762,900)
Accrued interest on long term debt is not reported in the funds.	(152,788)
Unamortized bond premium is not reported in the funds.	(3,667,407)
Deferred Refunding is not reported in the funds.	31,732
The District’s portion of the net pension liability for PERA reported on the statement of net position is not reported as a liability in the funds.	(18,969,399)
The District’s portion of the net OPEB liability reported on the statement of net position is not reported as a liability in the funds.	(646,169)
Deferred flows for contributions made toward the net pension and OPEB liabilities are not reported in the funds:	
Net deferred pension flows	1,038,619
Net deferred OPEB flows	<u>(189,173)</u>
<b><u>TOTAL NET POSITION – GOVERNMENTAL ACTIVITIES</u></b>	<b><u>8,945,225</u></b>

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

**FREMONT COUNTY SCHOOL DISTRICT RE-2**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES – GOVERNMENTAL FUNDS**  
**For the Year Ended June 30, 2023**

	<u>General</u>	<u>Bond</u>	<u>Food Service</u>
<b><u>REVENUES</u></b>			
Property Taxes	3,318,063	1,933,531	-
Specific Ownership Taxes	659,871	-	-
Earnings on Investments	429,949	107,919	26,783
Other Local Sources	369,699	6,363	269,776
State Aid	10,510,784	-	10,604
Federal Aid	715,207	-	751,758
<b><u>Total Revenues</u></b>	<b><u>16,003,573</u></b>	<b><u>2,047,813</u></b>	<b><u>1,058,921</u></b>
<b><u>EXPENDITURES</u></b>			
Instructional Services	8,648,531	-	-
Supporting Services:			
Students	648,722	-	-
Instructional Staff	93,685	-	-
District Administration	696,805	-	-
School Administration	885,742	-	-
Business	243,003	-	-
Operation & Maintenance of Facilities	2,031,074	-	-
Transportation	753,054	-	-
Central	254,831	-	-
Other	1,107	-	-
Food Service	-	-	1,103,071
Debt Service:			
Principal	135,243	1,455,000	-
Interest and Fees	53,530	492,251	-
Capital Outlay	126,480	-	-
<b><u>Total Expenditures</u></b>	<b><u>14,571,807</u></b>	<b><u>1,947,251</u></b>	<b><u>1,103,071</u></b>
<b><u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u></b>	<b><u>1,431,766</u></b>	<b><u>100,562</u></b>	<b><u>(44,150)</u></b>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>			
Transfers	(1,671,254)	-	-
Proceeds from Debt	-	-	-
<b><u>Total Other Financing Sources (Uses)</u></b>	<b><u>(1,671,254)</u></b>	<b><u>-</u></b>	<b><u>-</u></b>
<b><u>NET CHANGE IN FUND BALANCES</u></b>	<b><u>(239,488)</u></b>	<b><u>100,562</u></b>	<b><u>(44,150)</u></b>
<b><u>FUND BALANCES, Beginning</u></b>	<b><u>11,538,551</u></b>	<b><u>3,361,042</u></b>	<b><u>859,179</u></b>
<b><u>FUND BALANCES, Ending</u></b>	<b><u>11,299,063</u></b>	<b><u>3,461,604</u></b>	<b><u>815,029</u></b>

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

<u>Building</u>	<u>Capital Projects Fund</u>	<u>Designated Purpose Grants</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
-	-	-	-	5,251,594
-	-	-	-	659,871
552,466	10,681	-	-	1,127,798
-	-	23,489	400,981	1,070,308
-	2,987,034	443,848	-	13,952,270
-	<u>1,388,802</u>	<u>766,462</u>	-	<u>3,622,229</u>
<u>552,466</u>	<u>4,386,517</u>	<u>1,233,799</u>	<u>400,981</u>	<u>25,684,070</u>
-	-	1,233,799	-	9,882,330
-	-	-	529,816	1,178,538
-	-	-	-	93,685
-	-	-	-	696,805
-	-	-	-	885,742
-	-	-	-	243,003
-	-	-	-	2,031,074
-	-	-	-	753,054
-	-	-	-	254,831
-	-	-	-	1,107
-	-	-	-	1,103,071
-	-	-	-	1,590,243
-	-	-	-	545,781
<u>2,200,440</u>	<u>6,034,818</u>	-	-	<u>8,361,738</u>
<u>2,200,440</u>	<u>6,034,818</u>	<u>1,233,799</u>	<u>529,816</u>	<u>27,621,002</u>
(1,647,974)	(1,648,301)	-	(128,835)	(1,936,932)
-	1,553,254	-	118,000	-
<u>28,664,533</u>	-	-	-	<u>28,664,533</u>
<u>28,664,533</u>	<u>1,553,254</u>	-	<u>118,000</u>	<u>28,664,533</u>
27,016,559	(95,047)	-	(10,835)	26,727,601
-	<u>95,047</u>	-	<u>287,359</u>	<u>16,141,178</u>
<u>27,016,559</u>	-	-	<u>276,524</u>	<u>42,868,779</u>

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

**FREMONT COUNTY SCHOOL DISTRICT RE-2**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2023**

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

**NET CHANGE IN FUND BALANCES – TOTAL GOVERNMENTAL FUNDS** **26,727,601**

Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets with an initial, individual cost of more than \$5,000 are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.

	<b>8,385,383</b>	
Capital Outlays more than \$5,000		
Depreciation Expense	<b><u>(1,776,300)</u></b>	<b>6,609,083</b>

Property tax revenues received prior to the year for which they are being levied or are not “available” at year end are reported as deferred revenue in the governmental funds. They are, however recorded as revenues in the statement of activities. Deferred property tax revenues changed this year. (92,250)

In the statement of activities compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amount paid). During the year, compensated absences changed by this amount. (35,464)

The governmental funds report debt proceeds as an other financing source, while repayment of debt principal is reported as an expenditure. The effect of premiums, discounts and deferred refunding amounts are recognized when the debt is issued in governmental funds, whereas these amounts are deferred and amortized in the statement of activities. Interest expense is recognized as it accrues in the statement of activities regardless of when it is due. The net effect of these differences follows:

	<b>(28,664,533)</b>	
Debt Proceeds		
Principal Payment	<b>1,590,243</b>	
Interest Expense	<b>(98,447)</b>	
Deferred Refunding Amount	<b>(31,732)</b>	
Bond Premium	<b>151,568</b>	

The statement of activities reports changes in net pension and OPEB obligations and related deferred flows which are not reported in the fund financial statements.

	<b>(4,970,085)</b>	
Change in Net Pension Liability		
Change in Net OPEB Liability	<b>31,121</b>	
Deferred Flows from Net Pension Liability	<b>6,003,972</b>	
Deferred Flows from Net OPEB Liability	<b><u>64,914</u></b>	

**CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES** **7,285,991**

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

**FREMONT COUNTY SCHOOL DISTRICT RE-2  
STATEMENT OF FIDUCIARY NET POSITION  
TRUST AND AGENCY FUNDS  
June 30, 2023**

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	<u>Scholarship Custodial Fund</u>
<b><u>ASSETS</u></b>	
Cash and Investments	1,516,704
Due From Other Funds	-
Accrued Interest	-
Deposits Held by Others	-
<u>Total Assets</u>	<u>1,516,704</u>
<b><u>LIABILITIES</u></b>	
Other	-
<u>Total Liabilities</u>	<u>-</u>
<b><u>NET POSITION</u></b>	
Restricted for Scholarship	<u>1,516,704</u>

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

**FREMONT COUNTY SCHOOL DISTRICT RE-2**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**BUDGET AND ACTUAL**  
**For the Year Ended June 30, 2023**

	<u>Budget</u>	<u>Scholarship Custodial Fund</u>	<u>Variance- Favorable (Unfavorable)</u>
<b><u>ADDITIONS</u></b>			
Other Local	10,500	19,000	8,500
Earnings on Investments	51,500	34,381	(17,119)
Unrealized Gain on Investments	-	1,733	1,733
<u>Total Additions</u>	<u>62,000</u>	<u>55,114</u>	<u>(6,886)</u>
<b><u>DEDUCTIONS</u></b>			
Scholarships	205,000	85,250	119,750
Fees	15,000	16,731	(1,731)
Unrealized Loss on Investments	20,000	-	20,000
Other	1,385,571	-	1,385,571
<u>Total Deductions</u>	<u>1,625,571</u>	<u>101,981</u>	<u>1,523,590</u>
<b><u>NET DECREASE</u></b>	<b>(1,563,571)</b>	<b>(46,867)</b>	
<b><u>NET POSITION – BEGINNING OF YEAR</u></b>	<b><u>1,563,571</u></b>	<b><u>1,563,571</u></b>	
<b><u>NET POSITION – END OF YEAR</u></b>	<b><u>-</u></b>	<b><u>1,516,704</u></b>	

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

**NOTES TO BASIC FINANCIAL STATEMENTS**

**FREMONT COUNTY SCHOOL DISTRICT RE-2**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2023**

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**NOTE 1**      **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of Fremont County School District RE-2 (District) conform with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

The District operates under an elected Board of Education with five members.

The District is the lowest level of government, which is considered to be financially accountable over all activities related to public school education in Fremont County School District RE-2. The District receives funding from local, state, and federal government sources and must comply with requirements of these funding source entities. The Board of Education members are elected by the public and have decision-making authority, the power to designate management, the ability to significantly influence operations, and primary accountability for fiscal matters.

**A.    Reporting Entity**

Governmental Accounting Standards Board (GASB) Statement No. 14 (as amended by Statements No. 34, No. 39 and No. 61), "*The Financial Reporting Entity*" (GASB No. 14) describes the financial reporting entity as it relates to governmental accounting. According to this Statement, the financial reporting entity consists of a) the primary government, b) organizations for which the primary government is financially accountable, and c) other organizations whose exclusion from the reporting entity's financial statements would cause those statements to be misleading or incomplete. Any organizations that can be described by these last two items are included with the primary government in the financial statements as component units.

This District is not included in any other governmental "reporting entity" as defined in GASB No. 14 and does not include any other component unit as part of its "reporting entity". As required by accounting principles generally accepted in the USA, these basic financial statements present the District (the primary government) and its component units.

FREMONT COUNTY SCHOOL DISTRICT RE-2  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2023

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**NOTE 1**      **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B.      Government-Wide and Fund Financial Statements**

The Government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds (General Fund, Designated Purpose Grant Fund, Bond Funds, Food Service Fund, and Capital Reserve Capital Projects Fund) and individual enterprise funds are reported as separate columns in the fund financial statements.

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

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

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the District's governmental and business-type activities. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, operating statements present increases and decreases in net current assets and unassigned fund balance as a measure of available spendable resources. This means that only current liabilities are generally included on their balance sheets.

**FREMONT COUNTY SCHOOL DISTRICT RE-2**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2023**

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**NOTE 1**      **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

Amounts reported as program revenues included 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.

All governmental fund types use the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period, or soon enough thereafter, to pay liabilities of the current period. Revenues are considered to be available if collected within 60 days after year-end.

Property and automotive ownership taxes are reported as receivables and deferred revenue when levied and as revenues when due for collection in the following year and determined to be available.

Grants and entitlement revenues are recognized when compliance with matching requirements is met. A receivable is established when the related expenditures exceed revenue receipts.

Expenditures are recorded when the related fund liability is incurred with the exception of general obligation and capital lease debt service which is recognized when due and certain accrued sick and personal pay which are accounted for as expenditures when expected to be liquidated with expendable available financial resources.

Proprietary fund types are accounted for on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred. The measurement focus in these funds is on the flow of economic resources and emphasizes the determination of net income. All assets and all liabilities associated with their activity are included on their statements of position. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net position.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing goods and services in connection with a proprietary fund’s ongoing operations. The principal operating revenues of the District’s proprietary funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

FREMONT COUNTY SCHOOL DISTRICT RE-2  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2023

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**NOTE 1**      **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D.      Fund Accounting**

The accounts of the District are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, deferred flows, fund equity, revenues and expenditures, or expenses, as appropriate. Resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The major funds presented in the accompanying basic financial statements are as follows:

•      **Major Governmental Funds**

1.      **General Fund** – the general operating fund of the District; used to account for all resources that are not required legally or by sound financial management to be accounted for in another fund.
2.      **Bond Redemption Debt Service Fund** – used to account for the accumulation of resources for, and the payment of, long term general obligation debt principal, interest, and related costs.
3.      **Governmental Designated – Purpose Grants Fund** – this fund is provided to maintain a separate accounting for federal and state grant funded programs which normally have a different fiscal period than that of the District.
4.      **Food Service Fund**- This fund accounts for all financial activities associated with the District’s school breakfast and lunch programs.
5.      **Capital Reserve Capital Projects Fund**- This fund is used to account for the acquisition of the sites, building, equipment and vehicles.
6.      **Building**-This fund is used to account for all resources available for acquiring capital sites, buildings, and equipment as specified by the related bond issue.

Additionally, the District reports the following fund type:

**Fiduciary Funds**

**Scholarship Custodial Fund** – this fund is used to award scholarships to students of the District.

**E.      Cash and Investments**

Cash represents amounts on deposit with financial institutions or held by the District. The District is allowed to invest in the following types of investments: short-term certificates of deposit, repurchase agreements, money market deposit accounts, mutual funds, government pools, and U.S. Treasury Obligations. The District considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Investments are recorded at fair value in accordance with GASB Statement No. 72 *Fair Value Measurement and Application*. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

**F.      Receivables**

Property taxes levied in 2022 but uncollected in 2023 are identified as property taxes receivable. Amounts of property taxes that are not available at June 30, 2023 are recorded as deferred inflows, and are presented net of an allowance for uncollectible taxes. Program grants are recorded as receivables and revenues at the time reimbursable project costs are incurred.

FREMONT COUNTY SCHOOL DISTRICT RE-2  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2023

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**NOTE 1**      **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**G.    Inventories**

Materials and supplies inventories are stated at cost. Inventories recorded in the Food Services Fund consist of purchased and donated commodities. Purchased inventories are stated at cost. Donated inventories, received at no cost under a program supported by the Federal Government, are recorded at their estimated fair value at the date of receipt.

The cost of all inventories is recorded as an asset when the individual inventory items are purchased, and as an expenditure or expense when consumed.

**H.    Capital Assets**

Capital assets, which include property, vehicles and equipment, are utilized for general District operations and are capitalized at actual or estimated cost. Donations of such assets are recorded at estimated fair value at the time of donation. Capital assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements.

Maintenance, repairs, and minor renovations are recorded as expenditures when incurred. Major additions and improvements are capitalized. When assets used in the operation of the governmental fund types are sold, the proceeds of the sale are recorded as revenues in the appropriate fund. The District does not capitalize interest on the construction of capital assets in governmental funds. However, the District does capitalize interest on the construction of capital assets in business-type activities.

The monetary threshold for capitalization of assets is \$5,000. The District's capital assets are depreciated using the straight-line method over the estimated useful lives of the fixed assets (5-40 years). Depreciation of all capital assets is charged as an expense against their operations. Depreciation is recorded in the year of acquisition and any remaining depreciation is recorded in the year of disposition.

**I.    Long-Term Obligations**

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long term debt and other long-term obligations are reported as liabilities in the applicable government activities, business-type activities, or proprietary fund type statement of net position. The District records long-term debt of governmental funds at the face value. General obligation bonds are serviced from property taxes and other revenues of the Debt Service Fund. Capital leases are serviced from property taxes and other revenues of the General Fund. The long-term accumulated unpaid accrued sick leave is serviced from property taxes and other revenues by the respective fund type from future appropriations.

**FREMONT COUNTY SCHOOL DISTRICT RE-2**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2023**

**NOTE 1**      **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**J.      Constitutional Amendment**

In November 1992, Colorado voters approved 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, which apply to the State of Colorado and local governments. It requires, with certain exceptions, advance voter approval for any new tax, tax rate increase, mill levy above that for the prior year, extension of an expiring tax, or tax policy change directly causing a net tax revenue gain to any entity.

On November 5, 1996 the registered voters approved a ballot resolution authorizing Fremont County School District RE-2 to collect, retain and expend all revenues from any source provided that no property tax mill levy be increased or any new tax be imposed.

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 years. TABOR 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 three percent or more of fiscal year spending (excluding bonded debt service). As of June 30, 2023 the District reserved \$645,000 for this purpose.

Spending and revenue limits are determined based on the prior fiscal year’s spending adjusted for inflation in the prior calendar year plus annual increases in funded student enrollment. Fiscal year spending is generally defined as expenditures and reserve increases with certain exceptions.

**K.      Property Taxes**

Under Colorado law, all property taxes are due and payable in the year following the year levied. The 2022 property tax calendar for Fremont County was as follows:

Levy Date	December 15, 2022
Lien Date	January 1, 2023
Tax Bills Mailed	January 1, 2023
First Installment Due	February 28, 2023
Second Installment Due	June 15, 2023
If Paid in Full, Due	April 30, 2023
Tax Sale – 2021 Delinquent Property Taxes	October 25, 2022

**L.      Accumulated Sick Leave**

Compensated absences are made up of accumulated sick leave reported as non-current liabilities in the government-wide financial statements. As of June 30, 2023, the District has recorded an estimated liability of \$290,712 relating to accrued sick leave payable.

A summary of changes in compensated absences is as follows:

	<u>Balance July 1, 2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2023</u>
Accumulated Sick Leave	255,248	35,464	_____	290,712

FREMONT COUNTY SCHOOL DISTRICT RE-2  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2023

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**NOTE 1**      **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**M.    Use of Estimates**

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

**N.    GASB Statement No. 54**

The Government Accounting Standards Board (GASB) has issued Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions (GASB 54). This statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes.

GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance categories list below.

1. Nonspendable such as fund balances associated with inventories, prepaids, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed, or assigned).
2. Restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.
3. Committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the School District Board of Directors (the District's highest level of decision-making authority).
4. Assigned fund balance classification is intended to be used by the government for specific purposes that do not meet the criteria to be classified as restricted or committed.
5. Unassigned fund balance is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications.

**Fund Balance Classification Policies and Procedures**

**Committed Fund Balance Policy:**

The District's Committed Fund Balance is fund balance reporting required by the School Board, either because of a School Board Policy in the School Board Policy Manual, or because of motions that passed at School Board meetings.

**Assigned Fund Balance Policy:**

The District's Assigned Fund Balance is fund balance reporting occurring by School Board Administration authority, under the direction of the Chief Business Officer.

FREMONT COUNTY SCHOOL DISTRICT RE-2  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 June 30, 2023

**NOTE 1** SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**N. GASB Statement No. 54 (Continued)**

**Order of Fund Balance Spending Policy**

The District's policy is to apply expenditures against non-spendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance at the end of the fiscal year by adjusting journal entries.

First, non-spendable fund balances are determined. Then restricted fund balances for specific purposes are determined (not including non-spendable amounts). Then unrestricted fund balances are determined following the order of committed, assigned, and unassigned.

**Fund Balance Classification by Fund:**

	<u>General Fund</u>	<u>Bond Fund</u>	<u>Food Service</u>	<u>Building Fund</u>	<u>Designated Grants</u>	<u>Pupil Activity Fund</u>	<u>Total Governmental Funds</u>
<b><u>Nonspendable:</u></b>							
Inventories	-	-	11,910	-	-	-	11,910
<b><u>Restricted:</u></b>							
Emergencies	645,000	-	-	-	-	-	645,000
Preschool	202,535	-	-	-	-	-	202,535
Debt Service	-	3,461,604	-	-	-	-	3,461,604
Capital Outlay	-	-	-	27,016,559	-	-	27,016,559
Food Service	-	-	803,119	-	-	-	803,119
<b><u>Committed:</u></b>							
Capital Outlay	509,134	-	-	-	-	-	509,134
Maintenance	2,749,230	-	-	-	-	-	2,749,230
<b><u>Assigned:</u></b>							
Pupil Activities	-	-	-	-	-	276,524	276,524
<b><u>Unassigned</u></b>	<b><u>7,193,164</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>7,193,164</u></b>
<b><u>Total Fund Balances</u></b>	<b><u>11,299,063</u></b>	<b><u>3,461,604</u></b>	<b><u>815,029</u></b>	<b><u>27,016,559</u></b>	<b><u>-</u></b>	<b><u>276,524</u></b>	<b><u>42,868,779</u></b>

**O. Deferred Outflows / Inflows of Resources**

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

In addition to liabilities, the statement of financial position and the balance sheet 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.

**P. GASB 96**

On July 1, 2022 Fremont County School District RE-2 adopted GASB 96, Subscription-based Information Technology Arrangements. The District will comply with GASB 96 on any long term subscription-based information technology arrangements that are individually or aggregately material to the financial statements.

FREMONT COUNTY SCHOOL DISTRICT RE-2  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 June 30, 2023

**NOTE 2**      **RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

The governmental funds balance sheet includes a reconciliation between *fund balances – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. Additionally, the governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net change in fund balances – total government funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities.

These reconciliations detail items that require adjustment to convert from the current resources measurement and modified accrual basis for governmental fund statements to the economic resources measurement and full accrual basis used for government-wide statements. However, certain items having no effect on measurement and basis were eliminated from the government fund statements during the consolidation of governmental activities.

	Items Eliminated	
	<u>Due To Other Funds</u>	<u>Due From Other Funds</u>
General Fund	540,100	119,655
Capital Reserve Capital Project	-	458,823
Designated Purpose Grants	103,519	-
Bond Fund	16,136	-
Food Service	-	81,277
	<u>659,755</u>	<u>659,755</u>

	Items Eliminated	
	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	-	1,671,254
Pupil Activities	118,000	-
Capital Reserve Capital Project	1,553,254	-
	<u>1,671,254</u>	<u>1,671,254</u>

**FREMONT COUNTY SCHOOL DISTRICT RE-2**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2023**

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**NOTE 3**      **BUDGETARY INFORMATION**

Revenues and expenditures are controlled by budgetary accounting systems in accordance with various legal requirements. The budgeted revenues and expenditures represent the original adopted budget as subsequently adjusted by the Board of Education in accordance with Colorado School Laws. Budgets are generally prepared on the same basis as that used for accounting purposes.

The District has set procedures to be followed in establishing the budgetary data reflected in the financial statements:

1. Prior to June 1, the Business Manager submits to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public notices are released to obtain taxpayer comments.
3. Prior to June 30, the budget is legally enacted through passage of a resolution.
4. The Business Manager is authorized to transfer budgeted amounts between categories within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Board of Education.
5. Formal budgetary integration should be employed as a management control device during the year for the General Fund, Special Revenue Funds, Debt Service Funds, and Capital Projects Funds.
6. Budgets for the General, Special Revenue, Debt Service Funds, and Capital Projects Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgets have been adopted for Trust and Agency Funds.

All appropriations lapse at the end of each fiscal year. Authorization to transfer budgeted amounts between programs and/or departments within any fund and the reallocation of budget line items within any program and/or department rests with the Superintendent of Schools and may be delegated to an appropriate level of management. Revisions and/or supplemental appropriations that alter the total expenditures of any fund must be approved by the Board of Education.

Budgetary amounts reported in the accompanying basic financial statements are as originally adopted and amended by the Superintendent and/or the Board of Education throughout the year.

**NOTE 4**      **CASH AND INVESTMENTS**

**Deposits**

The Colorado Public Deposit Protection Act (PDPA), requires that all units of local government deposit cash in eligible public depositories, eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to the aggregate uninsured deposits.

**FREMONT COUNTY SCHOOL DISTRICT RE-2**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2023**

**NOTE 4**      **CASH AND INVESTMENTS (Continued)**

**Deposits (Continued)**

At June 30, 2023, the District's bank balance and corresponding carrying balance were as follows:

	<u>Carrying Balance</u>	<u>Bank Balance</u>
Insured (FDIC)	250,000	250,000
Uninsured, Collateralized under the Public Deposit Protection Act of the State of Colorado	534,929	1,751,922
Cash with County Treasurer	133,563	-
Cash with Fiscal Agent	3,569,521	-
ColoTrust – Cash Equivalent	40,815,859	-
Cash on Hand	900	-
<u>Total Cash and Deposits</u>	<u>45,304,772</u>	<u>2,001,922</u>

As presented above, deposits with a bank balance of \$1,751,922 and a carrying balance of \$534,929, as of June 30, 2023 are uninsured, are exposed to custodial risk, and are collateralized with securities held by the pledging financial institution.

**Investments**

At June 30, 2023, the District had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Fair Value</u>
Raymond James Investment	-	1,472,969

**Interest Rate Risk** – The District does not have a formal investment policy that limits investment maturities for managing possible fair value losses due to increasing interest rates.

**Credit Risk** – State Law limits the type of investments allowable.

**Investments Held by Fiduciary Scholarship Trust Fund** – The scholarship trust fund has various investments held by Raymond James which are subject to market fluctuations and have been marked to market at 6/30/23. An unrealized gain of \$1,733 was recorded at year end. These investments are insured under SPIC up to \$500,000. The District is not responsible for the investment of these funds.

**Concentration of Credit Risk** – the District has no policy restricting the amount that can be invested in any issuer.

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The District has the following recurring fair value measurements as of June 30, 2023:

- Raymond James Investment of \$1,472,969 is valued using quoted market prices (Level 1 inputs)

FREMONT COUNTY SCHOOL DISTRICT RE-2  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 June 30, 2023

**NOTE 5**      **CAPITAL ASSETS**

A summary of changes in capital assets is as follows:

**Governmental Activities**

	<u>Balance</u> <u>July 1, 2022</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2023</u>
<b><u>Capital Assets Not Being</u></b>				
<u>Depreciated</u>				
Land	1,007,850	-	-	1,007,850
Construction In Progress	-	7,966,134	-	7,966,134
<b><u>Total Capital Assets Not Being</u></b>				
<u>Depreciated</u>	<u>1,007,850</u>	<u>7,966,134</u>	<u>-</u>	<u>8,973,984</u>
<b><u>Capital Assets Being</u></b>				
<u>Depreciated</u>				
Buildings & Site Improvements	35,991,816	12,953	-	36,004,769
Equipment & Vehicles	4,293,387	300,280	-	4,593,667
Food Service	583,282	106,016	-	689,298
<b><u>Total Capital Assets Being</u></b>				
<u>Depreciated</u>	<u>40,868,485</u>	<u>419,249</u>	<u>-</u>	<u>41,287,734</u>
<b><u>Less Accumulated</u></b>				
<u>Depreciation for:</u>				
Building & Site Improvements	27,490,658	1,516,191	-	29,006,849
Equipment & Vehicles	3,378,266	223,840	-	3,602,106
Food Service	497,451	36,269	-	533,720
<b><u>Total Accumulated Depreciation</u></b>	<u>31,366,375</u>	<u>1,776,300</u>	<u>-</u>	<u>33,142,675</u>
<b><u>Total Capital Assets Being</u></b>				
<u>Depreciated, Net</u>	<u>9,502,110</u>	<u>(1,357,051)</u>	<u>-</u>	<u>8,145,059</u>
<b><u>Governmental Activities Capital</u></b>				
<u>Assets, Net</u>	<u>10,509,960</u>	<u>6,609,083</u>	<u>-</u>	<u>17,119,043</u>

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

**Governmental Activities:**

Instruction	1,404,789
Student Support	455
Instructional Support	1,833
General Administration Support	-
School Administration Support	6,035
Business Services Support	446
Operations and Maintenance	222,350
Transportation	104,123
Food Service	36,269
<b><u>Total Depreciation Expense – Governmental Activities</u></b>	<b><u>1,776,300</u></b>

**FREMONT COUNTY SCHOOL DISTRICT RE-2**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2023**

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**NOTE 6**      **PENSION PLAN**

**Defined Benefit Pension Plan**

**Summary of Significant Accounting Policies**

**Pensions.** Fremont County School District RE-2 participates in the School Division Trust Fund (SCHDTF), a cost-sharing multiple-employer defined benefit pension plan administered by the Public Employees' Retirement Association of Colorado (PERA). The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position (FNP) and additions to/deductions from the FNP of the SCHDTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**General Information about the Pension Plan**

*Plan description.* Eligible employees of the Fremont County School District RE-2 are provided with pensions through the SCHDTF - a cost-sharing multiple-employer defined benefit pension plan administered by PERA. Plan benefits are specified in Title 24, Article 51 of the Colorado Revised Statutes (C.R.S.), administrative rules set forth at 8 C.C.R. 1502-1, and applicable provisions of the federal Internal Revenue Code. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available annual comprehensive financial report (ACFR) that can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

*Benefits provided as of December 31, 2022.* PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(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.

**FREMONT COUNTY SCHOOL DISTRICT RE-2**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2023**

**NOTE 6**      **PENSION PLAN (Continued)**

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

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

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

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

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

*Contributions provisions as of June 30, 2023:* Eligible employees of, Fremont County School District RE-2 and the State are required to contribute to the SCHDTF at a rate set by Colorado statute. The contribution requirements for the SCHDTF are established under C.R.S. § 24-51-401, *et seq.* and § 24-51-413. Eligible employees are required to contribute 11.00% of their PERA-includable salary during the period of July 1, 2022 through June 30, 2023. Employer contribution requirements are summarized in the table below.

	July 1, 2022 Through June 30, 2023
Employer contribution rate	11.40%
Amount of employer contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f)	(1.02)%
Amount apportioned to the SCHDTF	10.38%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	4.50%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	5.50%
<b>Total employer contribution rate to the SCHDTF</b>	<b>20.38%</b>

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

**FREMONT COUNTY SCHOOL DISTRICT RE-2  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2023**

**NOTE 6      PENSION PLAN (Continued)**

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the Fremont County School District RE-2 is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from Fremont County School District RE-2 were \$1,782,157 for the year ended June 30, 2023.

For purposes of GASB 68 paragraph 15, a circumstance exists in which a nonemployer contributing entity is legally responsible for making contributions to the SCHDTF and is considered to meet the definition of a special funding situation. As specified in C.R.S. § 24-51-414, the State is required to contribute a \$225 million (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. House Bill (HB) 22-1029, instructed the State treasurer to issue an additional direct distribution to PERA in the amount of \$380 million (actual dollars), upon enactment. The July 1, 2023, payment is reduced by \$190 million (actual dollars) to \$35 million (actual dollars). The July 1, 2024, payment will not be reduced due to PERA's negative investment return in 2022. Senate Bill (SB) 23-056, enacted June 2, 2023, requires an additional direct distribution of approximately \$14.5 million (actual dollars), for a total of approximately \$49.5 million (actual dollars) to be contributed July 1, 2023.

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

The net pension liability for the SCHDTF was measured as of December 31, 2022, and the total pension liability (TPL) used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021. Standard update procedures were used to roll-forward the TPL to December 31, 2022. The Fremont County School District RE-2 proportion of the net pension liability was based on Fremont County School District RE-2 contributions to the SCHDTF for the calendar year 2022 relative to the total contributions of participating employers and the State as a nonemployer contributing entity.

At June 30, 2023, the Fremont County School District RE-2 reported a liability of \$18,969,399 for its proportionate share of the net pension liability that reflected an increase for support from the State as a nonemployer contributing entity. The amount recognized by the Fremont County School District RE-2 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 Fremont County School District RE-2 were as follows:

Fremont County School District RE-2 proportionate share of the net pension liability	\$ 18,969,399
The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the Fremont County School District RE-2	\$ 5,527,873
<b>Total</b>	<b>\$ 24,497,272</b>

**FREMONT COUNTY SCHOOL DISTRICT RE-2  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2023**

**NOTE 6      PENSION PLAN (Continued)**

At December 31, 2022, the Fremont County School District RE-2 proportion was 0.105%, which was a decrease of 0.016% from its proportion measured as of December 31, 2021.

For the year ended June 30, 2023, the Fremont County School District RE-2 recognized pension income of \$1,033,887 and revenue of \$471,385 for support from the State as a nonemployer contributing entity. At June 30, 2023, the Fremont County School District RE-2 reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	179,525	-
Changes of assumptions or other inputs	336,010	-
Net difference between projected and actual earnings on pension plan investments	2,548,289	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	203,379	(3,152,879)
Contributions subsequent to the measurement date	924,295	N/A
<b>Total</b>	<b>4,191,498</b>	<b>(3,152,879)</b>

\$924,295 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, 2024. 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, 2023	
2024	(1,394,424)
2025	(660,376)
2026	686,897
2027	1,482,227
2028	-
Thereafter	-

**FREMONT COUNTY SCHOOL DISTRICT RE-2  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2023**

**NOTE 6      PENSION PLAN (Continued)**

**Actuarial assumptions.** The TPL in the December 31, 2021, actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.30%
Real wage growth	0.70%
Wage inflation	3.00%
Salary increases, including wage inflation	3.40% –11.00%
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
<b>Post-retirement benefit increases:</b>	
PERA benefit structure hired prior to 1/1/07 and DPS benefit structure (compounded annually)	1.00%
PERA benefit structure hired after 12/31/06*	Financed by the AIR

\*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 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.

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, 2021, 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.

**FREMONT COUNTY SCHOOL DISTRICT RE-2**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2023**

**NOTE 6**      **PENSION PLAN (Continued)**

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared at least every five years for PERA. 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	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%.

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

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00%.
- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the scheduled increases in SB 18-200 and required adjustments resulting from the 2018 and 2020 AAP assessments. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.

**FREMONT COUNTY SCHOOL DISTRICT RE-2**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2023**

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**NOTE 6**      **PENSION PLAN (Continued)**

- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the scheduled increase in SB 18-200 and required adjustments resulting from the 2018 and 2020 AAP assessments. Employer contributions also include current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103%, at which point the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions reflect reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- As specified in law, the State, as a nonemployer contributing entity, will provide an annual direct distribution of \$225 million (actual dollars), commencing July 1, 2018, that is proportioned between the State, School, Judicial, and DPS Division Trust Funds based upon the covered payroll of each Division. The annual direct distribution ceases when all Division Trust Funds are fully funded.
- HB 22-1029, effective upon enactment in 2022, required the State treasurer to issue, in addition to the regularly scheduled \$225 million (actual dollars) direct distribution, a warrant to PERA in the amount of \$380 million (actual dollars). The July 1, 2023, direct distribution is reduced by \$190 million (actual dollars) to \$35 million (actual dollars). The July 1, 2024, direct distribution will not be reduced from \$225 million (actual dollars) due to PERA's negative investment return in 2022.
- 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 position and the subsequent AIR benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the middle of the year.

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

*Sensitivity of the Fremont County School District RE-2 proportionate share of the net pension liability to changes in the discount rate.* The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.25%, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate:

**FREMONT COUNTY SCHOOL DISTRICT RE-2**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2023**

**NOTE 6**      **PENSION PLAN (Continued)**

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension	24,824,419	18,969,399	14,079,859

*Pension plan fiduciary net position.* Detailed information about the SCHDTF’s FNP is available in PERA’s ACFR which can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

**Defined Contribution Pension Plans**

**Voluntary Investment Program (PERAPlus 401(k) Plan)**

*Plan Description* – Employees of the Fremont County School District RE-2 that are also members of the SCHDTF may voluntarily contribute to the Voluntary Investment Program (PERAPlus 401(k) Plan, an Internal Revenue Code Section 401(k) defined contribution plan administered by PERA. Title 24, Article 51, Part 14 of the C.R.S., as amended, assigns the authority to establish the Plan provisions to the PERA Board of Trustees. PERA issues a publicly available ACFR which includes additional information on the PERAPlus 401(k) Plan. That report can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

*Funding Policy* – The PERAPlus 401(k) Plan is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. Employees are immediately vested in their own contributions, employer contributions and investment earnings. For the year ended June 30, 2023, program members contributed \$31,268.

FREMONT COUNTY SCHOOL DISTRICT RE-2  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2023

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**NOTE 7**      **OTHER POST EMPLOYMENT BENEFITS**

**Defined Benefit Other Post Employment Benefit (OPEB) Plan**

**Summary of Significant Accounting Policies**

**OPEB.** Fremont County School District RE-2 participates in the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit OPEB fund administered by the Public Employees' Retirement Association of Colorado ("PERA"). The net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, information about the fiduciary net position (FNP) and additions to/deductions from the FNP of the HCTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefits paid on behalf of health care participants are recognized when due and/or payable in accordance with the benefit terms. Investments are reported at fair value.

**General Information about the OPEB Plan**

**Plan description.** Eligible employees of the Fremont County School District RE-2 are provided with OPEB through the HCTF—a cost-sharing multiple-employer defined benefit OPEB plan administered by PERA. The HCTF is established under Title 24, Article 51, Part 12 of the Colorado Revised Statutes (C.R.S.), as amended, and sets forth a framework that grants authority to the PERA Board to contract, self-insure, and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of the premium subsidies. Colorado State law provisions may be amended by the Colorado General Assembly. PERA issues a publicly available annual comprehensive financial report (ACFR) that can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

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

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

FREMONT COUNTY SCHOOL DISTRICT RE-2  
NOTES TO BASIC FINANCIAL STATEMENTS  
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**NOTE 7**      **OTHER POST EMPLOYMENT BENEFITS (Continued)**

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

*PERA Benefit Structure*

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

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

*DPS Benefit Structure*

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

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

*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.

**FREMONT COUNTY SCHOOL DISTRICT RE-2  
NOTES TO BASIC FINANCIAL STATEMENTS  
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**NOTE 7      OTHER POST EMPLOYMENT BENEFITS (Continued)**

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the Fremont County School District RE-2 is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from Fremont County School District RE-2 were \$89,195 for the year ended June 30, 2023.

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

At June 30, 2023, the Fremont County School District RE-2 reported a liability of \$646,169 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2022, and the total OPEB liability (TOL) used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2021. Standard update procedures were used to roll-forward the TOL to December 31, 2022. The Fremont County School District RE-2 proportion of the net OPEB liability was based on Fremont County School District RE-2 contributions to the HCTF for the calendar year 2022 relative to the total contributions of participating employers to the HCTF.

At December 31, 2022, the Fremont County School District RE-2 proportion was 0.079%, which was an increase of 0.0006% from its proportion measured as of December 31, 2021.

For the year ended June 30, 2023, the Fremont County School District RE-2 recognized OPEB income of \$96,035. At June 30, 2023, the Fremont County School District RE-2 reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 84	\$ (156,265)
Changes of assumptions or other inputs	10,386	(71,317)
Net difference between projected and actual earnings on OPEB plan investments	39,467	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	9,991	(67,779)
Contributions subsequent to the measurement date	46,260	N/A
Total	\$ 106,188	\$ (295,361)

\$46,260 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, 2024. 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, 2023	
2024	(80,493)
2025	(78,385)
2026	(47,065)
2027	(9,372)
2028	(16,575)
Thereafter	(3,543)

**FREMONT COUNTY SCHOOL DISTRICT RE-2**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2023**

**NOTE 7**

**OTHER POST EMPLOYMENT BENEFITS (Continued)**

*Actuarial assumptions.* The TOL in the December 31, 2021 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			6.50% in 2022, gradually decreasing to 4.50% in 2030	
Medicare Part A premiums			3.75% in 2022, 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	

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

Beginning January 1, 2022, the per capita health care costs are developed by plan option; based on 2022 premium rates for the UnitedHealthcare Medicare Advantage Prescription Drug (MAPD) PPO plan #1, the UnitedHealthcare MAPD PPO plan #2, and the Kaiser Permanente MAPD HMO plan. Actuarial morbidity factors are then applied to estimate individual retiree and spouse costs by age, gender, and health care cost trend. This approach applies for all members and is adjusted accordingly for those not eligible for premium-free Medicare Part A for the PERA benefit structure.

**FREMONT COUNTY SCHOOL DISTRICT RE-2  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2023**

**NOTE 7 OTHER POST EMPLOYMENT BENEFITS (Continued)**

<u>Age-Related Morbidity Assumptions</u>		
Participant	Annual Increase	Annual Increase
Age	(Male)	(Female)
65-69	3.0%	1.5%
70	2.9%	1.6%
71	1.6%	1.4%
72	1.4%	1.5%
73	1.5%	1.6%
74	1.5%	1.5%
75	1.5%	1.4%
76	1.5%	1.5%
77	1.5%	1.5%
78	1.5%	1.6%
79	1.5%	1.5%
80	1.4%	1.5%
81 and older	0.0%	0.0%

Sample	MAPD PPO #1 with Medicare Part A		MAPD PPO #2 with Medicare Part A		MAPD HMO(Kaiser) with Medicare Part A	
	Retiree/Spouse		Retiree/Spouse		Retiree/Spouse	
Age	Male	Female	Male	Female	Male	Female
65	\$1,704	\$1,450	\$583	\$496	\$1,923	\$1,634
70	\$1,976	\$1,561	\$676	\$534	\$2,229	\$1,761
75	\$2,128	\$1,681	\$728	\$575	\$2,401	\$1,896

Sample	MAPD PPO #1 without Medicare Part A		MAPD PPO #2 without Medicare Part A		MAPD HMO(Kaiser) without Medicare Part A	
	Retiree/Spouse		Retiree/Spouse		Retiree/Spouse	
Age	Male	Female	Male	Female	Male	Female
65	\$6,514	\$5,542	\$4,227	\$3,596	\$6,752	\$5,739
70	\$7,553	\$5,966	\$4,901	\$3,872	\$7,826	\$6,185
75	\$8,134	\$6,425	\$5,278	\$4,169	\$8,433	\$6,657

The 2022 Medicare Part A premium is \$499 (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, 2021, 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.

**FREMONT COUNTY SCHOOL DISTRICT RE-2  
NOTES TO BASIC FINANCIAL STATEMENTS  
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**NOTE 7      OTHER POST EMPLOYMENT BENEFITS (Continued)**

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

Year	PERACare Medicare Plans	Medicare Part A Premiums
2022	6.50%	3.75%
2023	6.25%	4.00%
2024	6.00%	4.00%
2025	5.75%	4.00%
2026	5.50%	4.25%
2027	5.25%	4.25%
2028	5.00%	4.25%
2029	4.75%	4.50%
2030+	4.50%	4.50%

Mortality assumptions used in the December 31, 2021, 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 on 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.

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.

**FREMONT COUNTY SCHOOL DISTRICT RE-2  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2023**

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**NOTE 7      OTHER POST EMPLOYMENT BENEFITS (Continued)**

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.

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 HCTF:

- **Per capita health care costs in effect as of the December 31, 2021, valuation date for those PERACare enrollees under the PERA benefit structure who are expected to be age 65 and older and are not eligible for premium-free Medicare Part A benefits have been updated to reflect costs for the 2022 plan year.**
- **The December 31, 2021, valuation utilizes premium information as of January 1, 2022, as the initial per capita health care cost. As of that date, PERACare health benefits administration is performed by UnitedHealthcare. In that transition, the costs for the Medicare Advantage Option #2 decreased to a level that is lower than the maximum possible service-related subsidy as described in the plan provisions.**
- **The health care cost trend rates applicable to health care premiums were revised to reflect the then current expectation of future increases in those premiums. Medicare Part A premiums continued with the prior valuation trend pattern.**

**FREMONT COUNTY SCHOOL DISTRICT RE-2  
NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2023**

**NOTE 7      OTHER POST EMPLOYMENT BENEFITS (Continued)**

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.

Effective for the December 31, 2022, measurement date, the timing of the retirement decrement was adjusted to middle-of-year within the valuation programming used to determine the TOL, reflecting a recommendation from the 2022 actuarial audit report, dated October 14, 2022, summarizing the results of the actuarial audit performed on the December 31, 2021, actuarial valuation.

The actuarial assumptions used in the December 31, 2021, 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 at least every five years for PERA. 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.

As of the most recent reaffirmation of the long-term rate of return, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the table as follows:

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

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

*Sensitivity of the Fremont County School District RE-2 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:

**FREMONT COUNTY SCHOOL DISTRICT RE-2  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2023**

**NOTE 7 OTHER POST EMPLOYMENT BENEFITS (Continued)**

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Initial PERACare Medicare trend rate*	5.25%	6.25%	7.25%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	3.00%	4.00%	5.00%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability	\$627,880	\$646,169	\$666,070

\*For the January 1, 2023, plan year.

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

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2022, measurement date.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00%.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Estimated transfers of dollars into the HCTF representing a portion of purchase service agreements intended to cover the costs associated with OPEB benefits.
- Benefit payments and contributions were assumed to be made at the middle of the year.

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

**Sensitivity of the Fremont County School District RE-2 proportionate share of the net OPEB liability to changes in the discount rate.** The following presents the proportionate share of the net OPEB liability calculated using the discount rate of 7.25%, as well as what the proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.25%) or one-percentage-point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	\$749,102	\$646,169	\$558,129

**OPEB plan fiduciary net position.** Detailed information about the HCTF's FNP is available in PERA's ACFR which can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

**FREMONT COUNTY SCHOOL DISTRICT RE-2**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2023**

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**NOTE 8**      **RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees, or acts of God.

The District maintains commercial insurance for all risks of loss. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

**NOTE 9**      **COLORADO SCHOOL DISTRICT SELF INSURANCE POOL**

The District belongs to the Colorado School District's Self-Insurance Pool. The Pool was established by the Colorado Association of School Boards (CASB) to provide insurance coverage to participants in the areas of General Liability, Errors and Omissions, Automobile Liability, Auto Physical Damage, Auto Personal Injury Protection, Real and Personal Property, Crime, Workers' Compensation and other coverage. The Board of Directors is composed of eight persons; seven of whom are appointed by the Board of Directors of CASB and the Executive Director of CASB. The Pool is managed by an independent manager chosen by the Board of Directors. Each member's initial contribution and subsequent contributions are determined by the Pool based on factors including, but not limited to, the Aggregate Pool claims, the cost of Administrative and other operating expenses, the number of participants, the adequacy of both Operating and Reserve Funds and other factors touching on the status of the Pool or an individual participant, and as approved by the Colorado Insurance Commissioner.

As the District did not exercise oversight responsibility nor have sufficient control over Pool activities, the Pool is not a component unit of the District and only the District's share of contributions to the Pool is recorded as Expenditures in the Insurance Reserve Fund.

The District's share in the Pool is not determinable from current information, but is estimated to be less than 1%. The District's share, if calculated, would not be material to the Pool's financial information at June 30, 2023.

**FREMONT COUNTY SCHOOL DISTRICT RE-2**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2022**

**NOTE 9      COLORADO SCHOOL DISTRICT SELF INSURANCE POOL (Continued)**

An audited summary of the Colorado School District's Pool financial information at June 30, 2022 and for the year then ended (latest information available) follows:

Total Assets	<u>77,006,177</u>
Total Liabilities	<u>41,993,151</u>
Total Equity	<u>35,013,026</u>
Revenue	32,943,304
Underwriting Expenses	<u>36,961,713</u>
Underwriting Gain (Loss)	(4,018,409)
Net Investment Income	568,666
Other Income	<u>19,428</u>
Net Income (Loss) Before Dividend	<u>(3,430,315)</u>
Dividend	<u>-</u>
Net Income	<u>(3,430,315)</u>
Transfer of Capital Contributions	-
Change in Non Admitted Assets	<u>-</u>
Capital Contributions from Members	<u>-</u>
Unassigned Surplus	<u>35,013,026</u>

**NOTE 10      LITIGATION**

None.

**NOTE 11      SUMMARY DISCLOSURE OF SIGNIFICANT COMMITMENTS AND CONTINGENCIES**

**Claims and Judgments** - The District participates in a number of federal, state and county programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the District may be required to reimburse the grantor government. As of June 30, 2023, significant amounts of grant expenditures have not been audited by the grantor but the District believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual government funds or the overall financial position of the District.

**NOTE 12      JOINT VENTURES**

Not reflected in the accompanying financial statements is the District's participation in the Pikes Peak Board of Cooperative Educational Services (BOCES). The BOCES is an organization that provides member districts educational services at a shared lower cost per District.

**FREMONT COUNTY SCHOOL DISTRICT RE-2**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2023**

**NOTE 12    JOINT VENTURES (Continued)**

The District has one member on the Board. The Board has final authority for all budgeting and financing of the joint venture. The District's share of the joint venture is not determinable at June 30, 2023. The joint venture summary audited financial information as of June 30, 2022 is as follows:

Assets and Deferred Outflows	<u>16,618,400</u>
Liabilities and Deferred Inflows	13,756,183
Net Position	<u>2,862,217</u>
	<u>16,618,400</u>
Revenues	28,367,606
Expenses	<u>13,557,460</u>
Changes in Net Position	<u>14,810,146</u>

The BOCES is not included as a component unit of the District as the financial responsibility is minimal, there is no financial interdependency, the District does not have the ability to significantly influence the operations of the BOCES and the District is not accountable for fiscal matters of the BOCES. The BOCES is audited annually and files a report with the Colorado State Auditor's Office.

**NOTE 13    LONG-TERM DEBT**

The following is a summary of the transactions in the school district's long-term debt:

	<u>Balance</u>		<u>Balance</u>		<u>Current</u>
	<u>July 1, 2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2023</u>	
Energy Project Lease	2,433,143	-	135,243	2,297,900	141,169
G.O. Bonds Series 2015	2,920,000	-	1,455,000	1,465,000	1,465,000
G.O. Bonds Series 2023	-	25,000,000	-	25,000,000	430,000
Deferred Refunding- Amort 2015	<u>(63,464)</u>	<u>-</u>	<u>(31,732)</u>	<u>(31,732)</u>	<u>-</u>
	<u>5,289,679</u>	<u>25,000,000</u>	<u>1,558,511</u>	<u>28,731,168</u>	<u>2,036,169</u>

**General Obligation Refunding Series 2015**

On October 21, 2015, the District issued \$7,915,000 in General Obligation Refunding Bonds with an average interest rate of 3.79% to advance refund \$8,800,000 of outstanding 2006 General Obligation Bonds bearing interest rates ranging from 3.75% to 4.00%. Refunding proceeds of \$8,972,078 were deposited with an escrow agent to provide debt service payments of \$8,800,000 in principal and \$2,125,965 in interest on the 2006 Series Bonds. As result, that portion of 2006 Bonds is considered to be defeased and the liability for the issue has been removed from the financial statements. The defeased debt balance at June 30, 2023 was \$0.

The District completed the advance refunding to reduce the total debt service payments over 8 years by \$1,278,185 and to obtain an economic gain (difference between the present value of the old and new debt service payments) of \$1,031,176.

**FREMONT COUNTY SCHOOL DISTRICT RE-2**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2023**

**NOTE 13**      **LONG-TERM DEBT (Continued)**

As a result of the difference between the reacquisition price and the carrying amount of the old debt a deferred refunding was recorded in the amount of \$418,305. It will be amortized against interest costs of the refunding issue.

**General Obligation Bonds Series 2023**

During the 2023 fiscal year, the District issued \$25,000,000 in General Obligation Bonds to finance the construction, improvement and equipping of District capital projects. The Bonds will be repaid over a 25 year period at an average interest rate of 5.05%.

Below is a schedule of debt service requirements to maturity:

**2015 Refunding Issue**

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2024	<u>1,465,000</u>	<u>29,300</u>
<b>Total</b>	<b><u>1,465,000</u></b>	<b><u>29,300</u></b>

**2023 G.O. Bonds**

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2024	430,000	1,258,575
2025	550,000	1,234,075
2026	580,000	1,205,825
2027	605,000	1,176,200
2028	640,000	1,145,075
2029-2033	3,705,000	5,200,250
2034-2038	4,730,000	4,150,875
2039-2043	6,030,000	2,812,375
2044-2048	<u>7,730,000</u>	<u>1,056,562</u>
<b>Total</b>	<b><u>25,000,000</u></b>	<b><u>19,239,812</u></b>

**Capital Leases**

**Energy Project Lease**

The District entered into a capital lease arrangement with All American Investment Group, LLC in the year ended June 30, 2021 as part of a capital project for energy conservation and various school improvements. The District will pay fifteen annual payments beginning August 17, 2021 with an interest rate of 2.2%. The total amount financed was \$2,541,184.

Future minimum payments follow:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	141,169	50,554	191,723
2025	158,296	47,449	205,745
2026	165,264	43,966	209,230
2027	184,490	40,330	224,820
2028	175,510	36,271	211,781
2029-2036	<u>1,473,171</u>	<u>146,525</u>	<u>1,619,696</u>
	<u>2,297,900</u>	<u>365,095</u>	<u>2,662,995</u>
Less: Amounts representing interest			<u>365,095</u>
Net Present Value of Future Minimum Payments			<u>2,297,900</u>

**FREMONT COUNTY SCHOOL DISTRICT RE-2**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2023**

**NOTE 14    INTERFUND BALANCES**

	<u>Items Eliminated</u>	
	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
<b><u>Major Governmental Funds</u></b>		
General Fund	119,655	540,100
Capital Reserve Capital Projects	458,823	-
Designated Purpose Grants	-	-
Bond Fund	-	16,136
Food Service	<u>81,277</u>	<u>103,519</u>
	<u>659,755</u>	<u>659,755</u>

These interfund balances occurred due to expenditures paid on behalf of another fund.

Interfund balances are expected to be paid within one year from the date of the financial statements.

<u>Transfers</u>	<u>Transfer In</u>	<u>Transfer Out</u>
<b><u>Major Governmental Fund</u></b>		
General Fund	-	1,671,254
Capital Projects	1,553,254	-
<b><u>Nonmajor Governmental Funds</u></b>		
Pupil Activities Fund	<u>118,000</u>	<u>-</u>
	<u>1,671,254</u>	<u>1,671,254</u>

These transfers were to assist with operations.

**NOTE 15    ACCRUED SALARIES AND BENEFITS**

Salaries and retirement benefits of certain contractually employed personnel are paid over a twelve month period from September to August, but are earned during a school year of approximately nine to ten months. The salaries and benefits earned, but unpaid, as of June 30, 2023, are estimated to be \$1,415,139 and will be paid during the 2023-2024 fiscal year. Accordingly, the accrued compensation is reflected as a liability in the accompanying financial statements.

**NOTE 16    INVENTORIES**

Food Service Fund inventories at June 30, 2023, consisted of USDA, purchased food, and non-food amounting to \$11,910. Purchased inventories are stated at cost. Donated inventories, received at no cost under a program supported by the United States Government, are recorded at their estimated fair market value at the date of receipt.

**NOTE 17    COMPLIANCE WITH BUDGET LAWS**

The following condition was noted and may be a violation of Colorado law:

Expenditures in the Pupil Activity Fund exceeded budgeted amounts by \$20,171.

**REQUIRED SUPPLEMENTARY INFORMATION**

## **BUDGETARY COMPARISONS**

### **General Fund**

The General Fund accounts for all transactions of the District not accounted for in other funds. This fund represents an accounting for the District's ordinary operations financed from property taxes and other general revenues. It is the most significant fund in relation to the District's overall operations.

### **Special Revenue Funds**

**Designated Grants Fund** – used to account for federal and state grant programs.

**Food Service Fund**- This fund accounts for all financial activities associated with the District's school breakfast and lunch programs.

## **PENSION AND OPEB TREND DATA**

**FREMONT COUNTY SCHOOL DISTRICT RE-2**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE**  
**BUDGET (GAAP BASIS) AND ACTUAL**  
**For the Year Ended June 30, 2023**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget- Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<b><u>REVENUES</u></b>				
<b><u>Local Sources</u></b>				
Property Taxes	3,706,314	2,921,234	3,318,063	396,829
Specific Ownership Taxes	-	372,878	659,871	286,993
Earnings on Investments	-	189,553	429,949	240,396
Local Grants	-	328,667	145,272	(183,395)
Other	643,963	236,700	224,427	(12,273)
<b><u>State Sources</u></b>				
Equalization	9,597,028	9,597,028	9,596,991	(37)
Transportation	-	155,000	158,217	3,217
Vocational Education	-	94,000	77,152	(16,848)
Special Education	-	90,000	130,694	40,694
Other	67,881	318,492	547,730	229,238
<b><u>Federal Sources</u></b>				
Other	2,773,398	1,200,126	715,207	(484,919)
<b><u>TOTAL REVENUES</u></b>	<b><u>16,788,584</u></b>	<b><u>15,503,678</u></b>	<b><u>16,003,573</u></b>	<b><u>499,895</u></b>
<b><u>EXPENDITURES</u></b>				
<b><u>Instruction</u></b>				
<b><u>Regular Programs</u></b>				
Salaries	6,146,132	6,391,013	5,474,583	916,430
Employee Benefits	2,107,853	2,171,349	2,098,829	72,520
Purchased Services – Professional	-	36,941	19,338	17,603
Purchased Services - Property	-	27,250	18,570	8,680
Purchased Services – Other	786,473	705,721	404,519	301,202
Supplies and Materials	1,264,838	1,031,245	426,021	605,224
Property	175,000	273,050	206,671	66,379
Other Objects	-	6,681	-	6,681
<b><u>Total Instruction</u></b>	<b><u>10,480,296</u></b>	<b><u>10,643,250</u></b>	<b><u>8,648,531</u></b>	<b><u>1,994,719</u></b>

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

FREMONT COUNTY SCHOOL DISTRICT RE-2  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE  
BUDGET (GAAP BASIS) AND ACTUAL  
For the Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget- Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<b><u>SUPPORTING SERVICES</u></b>				
<b><u>Student Supporting Services</u></b>				
Salaries	668,629	664,927	452,596	212,331
Employee Benefits	214,372	207,012	170,760	36,252
Purchased Services - Professional	-	5,000	-	5,000
Purchased Services - Property	-	15,000	15,000	-
Purchased Services - Other	44,500	3,500	1,726	1,774
Supplies and Materials	12,350	12,850	8,640	4,210
Property	-	-	-	-
Other Objects	-	-	-	-
<b><u>Total Student Services</u></b>	<b><u>939,851</u></b>	<b><u>908,289</u></b>	<b><u>648,722</u></b>	<b><u>259,567</u></b>
<b><u>Instructional Staff</u></b>				
Salaries	45,807	147,296	47,151	100,145
Employee Benefits	17,783	48,219	19,181	29,038
Purchased Services - Professional	-	28,500	8,311	20,189
Purchased Services - Property	-	-	-	-
Purchased Services - Other	19,000	-	-	-
Supplies and Materials	17,750	18,950	19,042	(92)
Property	7,700	7,700	-	7,700
Other Objects	-	-	-	-
<b><u>Total Instructional Staff</u></b>	<b><u>108,040</u></b>	<b><u>250,665</u></b>	<b><u>93,685</u></b>	<b><u>156,980</u></b>
<b><u>General Administration</u></b>				
Salaries	494,657	438,868	444,689	(5,821)
Employee Benefits	135,585	135,727	151,508	(15,781)
Purchased Services – Professional	-	121,465	99,578	21,887
Purchased Services – Property	-	-	-	-
Purchased Services – Other	131,772	41,307	1,030	40,277
Supplies and Materials	1,000	1,000	-	1,000
Property	-	-	-	-
Other Objects	-	-	-	-
<b><u>Total General Administration</u></b>	<b><u>763,014</u></b>	<b><u>738,367</u></b>	<b><u>696,805</u></b>	<b><u>41,562</u></b>

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

**FREMONT COUNTY SCHOOL DISTRICT RE-2  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE  
BUDGET (GAAP BASIS) AND ACTUAL  
For the Year Ended June 30, 2023**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget- Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<b><u>School Administration</u></b>				
<b><u>Office of the Principal</u></b>				
Salaries	652,999	667,899	636,292	31,607
Employee Benefits	208,499	208,979	231,600	(22,621)
Purchased Services – Professional	-	-	-	-
Purchased Services – Property	12,250	12,250	14,645	(2,395)
Purchased Services – Other	9,455	-	-	-
Supplies and Materials	7,500	9,955	3,205	6,750
Property	-	7,500	-	7,500
Other Objects	-	-	-	-
<b><u>Total School Administration</u></b>	<b><u>890,703</u></b>	<b><u>906,583</u></b>	<b><u>885,742</u></b>	<b><u>20,841</u></b>
<b><u>Business Services</u></b>				
Salaries	119,569	141,569	118,530	23,039
Employee Benefits	41,905	48,866	48,331	535
Purchased Services – Professional	-	30,250	4,999	25,251
Purchased Services - Property	-	64,000	67,241	(3,241)
Purchased Services - Other	94,250	5,000	-	5,000
Supplies and Materials	22,000	20,000	3,902	16,098
Property	10,000	2,500	-	2,500
Other Objects	-	-	-	-
<b><u>Total Business Services</u></b>	<b><u>287,724</u></b>	<b><u>312,185</u></b>	<b><u>243,003</u></b>	<b><u>69,182</u></b>
<b><u>Operations and Maintenance</u></b>				
Salaries	584,003	472,045	520,287	(48,242)
Employee Benefits	202,174	152,911	206,883	(53,972)
Purchased Services – Professional	-	99,381	135,582	(36,201)
Purchased Services - Property	-	455,791	226,202	229,589
Purchased Services - Other	970,636	360,600	354,573	6,027
Supplies and Materials	656,885	442,100	585,273	(143,173)
Property	2,004,817	998,963	128,754	870,209
Other Objects	1,750	76,193	-	76,193
<b><u>Total Operations and Maintenance</u></b>	<b><u>4,420,265</u></b>	<b><u>3,057,984</u></b>	<b><u>2,157,554</u></b>	<b><u>900,430</u></b>

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

**FREMONT COUNTY SCHOOL DISTRICT RE-2  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE  
BUDGET (GAAP BASIS) AND ACTUAL  
For the Year Ended June 30, 2023**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget- Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<b><u>Student Transportation</u></b>				
Salaries	437,730	469,730	386,438	83,292
Employee Benefits	153,984	140,884	134,462	6,422
Purchased Services – Property	-	41,500	34,604	6,896
Purchased Services – Other	44,500	19,000	7,258	11,742
Supplies and Materials	210,380	222,100	182,471	39,629
Property	<u>116,000</u>	<u>5,000</u>	<u>7,821</u>	<u>(2,821)</u>
<b><u>Total Student Transportation</u></b>	<u>962,594</u>	<u>898,214</u>	<u>753,054</u>	<u>145,160</u>
<b><u>Central Support</u></b>				
Salaries	111,692	119,692	114,117	5,575
Employee Benefits	35,525	39,150	41,368	(2,218)
Purchased Services- Professional	-	2,000	-	2,000
Purchased Services – Property	-	30,000	18,750	11,250
Purchased Services – Other	110,000	22,000	10,437	11,563
Supplies and Materials	70,000	12,000	1,308	10,692
Property	<u>40,000</u>	<u>98,451</u>	<u>68,851</u>	<u>29,600</u>
<b><u>Total Central Support</u></b>	<u>367,217</u>	<u>323,293</u>	<u>254,831</u>	<u>68,462</u>
<b><u>Other Support</u></b>				
Purchased Services-Property	-	85,130	-	85,130
Supplies and Materials	7,183	20,825	1,107	19,718
Property	-	-	-	-
Other Objects	<u>60,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b><u>Total Other Support</u></b>	<u>67,183</u>	<u>105,955</u>	<u>1,107</u>	<u>104,848</u>
<b><u>Total Supporting Services</u></b>	<u>8,806,591</u>	<u>7,501,535</u>	<u>5,734,503</u>	<u>1,767,032</u>
<b><u>Debt Service:</u></b>				
Principal Retirement	-	-	135,243	(135,243)
Interest and Fiscal Charges	<u>-</u>	<u>-</u>	<u>53,530</u>	<u>(53,530)</u>
<b><u>Total Debt Service</u></b>	<u>-</u>	<u>-</u>	<u>188,773</u>	<u>(188,773)</u>
<b><u>Appropriated Reserves</u></b>	<u>5,805,910</u>	<u>4,086,531</u>	<u>-</u>	<u>4,086,531</u>
<b><u>TOTAL EXPENDITURES</u></b>	<u>25,092,797</u>	<u>22,231,316</u>	<u>14,571,807</u>	<u>7,659,509</u>
<b><u>REVENUES OVER (UNDER) EXPENDITURES</u></b>	<u>(8,304,213)</u>	<u>(6,727,638)</u>	<u>1,431,766</u>	
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers	<u>(2,086,308)</u>	<u>(2,197,664)</u>	<u>(1,671,254)</u>	<u>526,410</u>
<b><u>Total Other Financing Sources (Uses)</u></b>	<u>(2,086,308)</u>	<u>(2,197,664)</u>	<u>(1,671,254)</u>	<u>526,410</u>
<b><u>REVENUES OVER (UNDER) EXPENDITURES AND OTHER SOURCES (USES)</u></b>	<u>(10,390,521)</u>	<u>(8,925,302)</u>	<u>(239,488)</u>	
<b><u>FUND BALANCE, July 1</u></b>	<u>10,390,521</u>	<u>8,925,302</u>	<u>11,538,551</u>	
<b><u>FUND BALANCE, June 30</u></b>	<u>-</u>	<u>-</u>	<u>11,299,063</u>	

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

**FREMONT COUNTY SCHOOL DISTRICT RE-2  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL  
DESIGNATED PURPOSE GRANTS - MAJOR SPECIAL REVENUE FUND  
For the Year Ended June 30, 2023**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance- Favorable (Unfavorable)</b>
	<b>Original</b>	<b>Final</b>		
<b><u>REVENUES</u></b>				
Local Sources	-	-	23,489	23,489
State Sources	446,775	446,775	443,848	(2,927)
Federal Sources	1,185,744	1,185,744	766,462	(419,282)
<b><u>Total Revenues</u></b>	<b>1,632,519</b>	<b>1,632,519</b>	<b>1,233,799</b>	<b>(398,720)</b>
<b><u>EXPENDITURES:</u></b>				
Salaries	826,526	826,526	643,277	183,249
Employee Benefits	265,246	265,246	198,209	67,037
Purchased Services – Professional	217,350	217,350	179,402	37,948
Purchased Services – Property	-	-	-	-
Purchased Services – Other	105,703	105,703	47,261	58,442
Supplies and Materials	157,955	157,955	114,542	43,413
Property	39,739	39,739	51,108	(11,369)
Other Objects	20,000	20,000	-	20,000
<b><u>Total Expenditures</u></b>	<b>1,632,519</b>	<b>1,632,519</b>	<b>1,233,799</b>	<b>398,720</b>
<b><u>REVENUES OVER (UNDER) EXPENDITURES</u></b>				
	-	-	-	
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers	-	-	-	-
<b><u>Total Other Financing Sources (Uses)</u></b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b><u>REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES (USES)</u></b>				
	-	-	-	
<b><u>FUND BALANCE, July 1</u></b>				
	-	-	-	
<b><u>FUND BALANCE, June 30</u></b>				
	<b>-</b>	<b>-</b>	<b>-</b>	

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

**FREMONT COUNTY SCHOOL DISTRICT RE-2  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL  
FOOD SERVICE-MAJOR SPECIAL REVENUE FUND  
For the Year Ended June 30, 2023**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<b><u>REVENUES</u></b>				
<b><u>Local Sources</u></b>				
Food Sales	84,200	168,200	268,600	100,400
Earnings on Investments	-	5,800	26,783	20,983
Other	-	1,000	1,176	176
<b><u>State Sources</u></b>				
School Lunches	11,000	11,000	10,604	(396)
<b><u>Federal Sources</u></b>				
School Lunches	877,735	463,500	716,707	253,207
Commodities	-	47,235	35,051	(12,184)
<b><u>Total Revenues</u></b>	<b><u>972,935</u></b>	<b><u>696,735</u></b>	<b><u>1,058,921</u></b>	<b><u>362,186</u></b>
<b><u>EXPENDITURES:</u></b>				
Salaries	307,268	312,268	277,536	34,732
Employee Benefits	137,570	10,102	114,536	(104,434)
Purchased Services – Professional	56,500	3,000	-	3,000
Purchased Services – Property	-	-	20,046	(20,046)
Purchased Services – Other	-	-	2,037	(2,037)
Supplies and Materials	679,859	698,359	538,613	159,746
Capital Outlay	200,000	-	115,252	(115,252)
Other	243,029	532,185	-	532,185
Commodities	-	-	35,051	(35,051)
<b><u>Total Expenditures</u></b>	<b><u>1,624,226</u></b>	<b><u>1,555,914</u></b>	<b><u>1,103,071</u></b>	<b><u>452,843</u></b>
<b><u>REVENUES OVER (UNDER) EXPENDITURES</u></b>	<b>(651,291)</b>	<b>(859,179)</b>	<b>(44,150)</b>	
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers	-	-	-	-
<b><u>REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES (USES)</u></b>	<b>(651,291)</b>	<b>(859,179)</b>	<b>(44,150)</b>	
<b><u>FUND BALANCE- Beginning</u></b>	<b><u>651,291</u></b>	<b><u>859,179</u></b>	<b><u>859,179</u></b>	
<b><u>FUND BALANCE- Ending</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>815,029</u></b>	

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

**FREMONT COUNTY SCHOOL DISTRICT NUMBER RE-2**  
**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY**  
**For The Last 10 Fiscal Years (As Available)**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of the net pension liability (asset)	0.105%	0.1202%	0.1404%	0.1346%	0.1347%	0.1524%	0.1535%	0.1589%	0.1591%	0.1624%
District's proportionate share of the net pension liability (asset)	\$18,969,399	\$13,999,314	\$21,221,240	\$20,115,632	\$23,846,946	\$49,288,879	\$45,705,541	\$24,302,722	\$21,569,787	\$20,716,850
State's proportionate share of the net pension liability associated with the District**	\$5,527,873	\$1,604,843	-	\$2,551,408	\$3,260,746	-	-	-	-	-
District's covered payroll	\$8,744,639	\$7,521,635	\$7,350,974	\$7,795,810	\$7,729,433	\$7,189,244	\$6,869,591	\$6,917,132	\$6,834,583	\$6,666,810
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	217%	186%	289%	258%	308%	686%	665%	351%	316%	311%
Plan fiduciary net position as a percentage of the total pension liability	61.79%	74.86%	66.99%	64.52%	57.01%	43.96%	43.1%	59.2%	62.80%	64.06%

\*\*A direct distribution provision to allocate funds from the State of Colorado budget to Colorado PERA on an annual basis began in July 2018 based on Senate Bill 18-200.

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

**FREMONT COUNTY SCHOOL DISTRICT NUMBER RE-2**  
**SCHEDULE OF DISTRICT CONTRIBUTIONS - PENSION**  
**For The Last 10 Fiscal Years (As Available)**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contributions	\$ 1,782,157	\$ 1,495,301	\$ 1,461,374	\$ 1,510,828	\$ 1,478,641	\$ 1,357,581	\$ 1,262,803	\$ 1,226,519	\$ 1,152,971	\$ 1,094,181
Contributions in relation to the contractually required contributions	<u>\$ (1,782,157)</u>	<u>\$ (1,495,301)</u>	<u>\$ (1,461,374)</u>	<u>\$ (1,510,828)</u>	<u>\$ (1,478,641)</u>	<u>\$ (1,357,581)</u>	<u>\$ (1,262,803)</u>	<u>\$ (1,226,519)</u>	<u>\$ (1,152,971)</u>	<u>\$ (1,094,181)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 8,744,639	\$ 7,521,635	\$ 7,350,974	\$ 7,795,810	\$ 7,729,433	\$ 7,189,244	\$ 6,869,591	\$ 6,917,133	\$ 6,834,583	\$ 6,666,810
Contributions as a percentage of covered payroll	20.38%	19.88%	19.88%	19.38%	19.13%	18.88%	18.38%	17.73%	16.87%	16.41%

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

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**FREMONT COUNTY SCHOOL DISTRICT NUMBER RE-2**  
**SCHEDULE OF PROPORTIONATE SHARE OF NET OPEB LIABILITY**  
**For The Last 10 Fiscal Years (As Available)**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of the net OPEB liability (asset)	0.079%	0.0785%	0.0811%	0.0880%	0.0875%	0.0866%	0.0873%	-	-	-
District's proportionate share of the net OPEB liability (asset)	\$646,169	\$677,290	\$770,906	\$989,182	\$1,190,991	\$1,125,550	\$1,131,308	-	-	-
District's covered payroll	\$8,744,639	\$7,521,635	\$7,350,974	\$7,795,810	\$7,729,433	\$7,189,244	\$6,869,591	-	-	-
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	7.38%	9.00%	10.49%	12.69%	15.41%	15.66%	16.47%	-	-	-
Plan fiduciary net position as a percentage of the total OPEB liability	38.57%	39.40%	32.78%	24.49%	17.03%	17.53%	16.72%	-	-	-

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

**FREMONT COUNTY SCHOOL DISTRICT NUMBER RE-2**  
**SCHEDULE OF DISTRICT CONTRIBUTIONS - OPEB**  
**For The Last 10 Fiscal Years (As Available)**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contributions	\$ 89,195	\$ 76,721	\$ 74,980	\$ 79,517	\$ 78,840	\$ 73,330	\$ 70,070	-	-	-
Contributions in relation to the contractually required contributions	<u>\$(89,195)</u>	<u>\$(76,721)</u>	<u>\$(74,980)</u>	<u>\$(79,517)</u>	<u>\$(78,840)</u>	<u>\$(73,330)</u>	<u>\$(70,070)</u>	-	-	-
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-	-	-
District's covered payroll	\$8,744,639	\$7,521,635	\$7,350,974	\$7,795,810	\$7,729,433	\$7,189,244	\$6,869,591	-	-	-
Contributions as a percentage of covered payroll	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	-	-	-

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

**OTHER SCHEDULES**

**Bond Redemption Debt Service Fund – Major Fund**

**Bond Redemption Debt Service Fund – Use to account for the accumulation of resources for, and the payment of, long-term general obligation debt principal, interest, and related costs.**

**Capital Reserve Capital Projects Fund- Major Fund**

**Capital Reserve Capital Projects Fund- Used to account for the acquisition of sites, buildings, equipment and vehicles.**

**Building Fund**

**The Building Fund is used to account for all resources available for acquiring capital sites, building and equipment as specified by the related bond issue.**

**NON MAJOR GOVERNMENTAL FUNDS**

**Special Revenue Funds**

**Special Revenue Funds account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.**

**Pupil Activities - This fund accounts for financial transactions of all schools in the District through individual school activity accounts.**

**FREMONT COUNTY SCHOOL DISTRICT RE-2  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL  
PUPIL ACTIVITY – SPECIAL REVENUE FUND  
For the Year Ended June 30, 2023**

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
<b><u>REVENUES</u></b>			
Local Sources	120,000	400,981	280,981
State Aid	-	-	-
Federal Aid	-	-	-
<u>Total Revenues</u>	<u>120,000</u>	<u>400,981</u>	<u>280,981</u>
<b><u>EXPENDITURES:</u></b>			
Students			
Activity Expenditures	<u>509,645</u>	<u>529,816</u>	<u>(20,171)</u>
<u>Total Expenditures</u>	<u>509,645</u>	<u>529,816</u>	<u>(20,171)</u>
<b><u>REVENUES OVER (UNDER) EXPENDITURES</u></b>	<b><u>(389,645)</u></b>	<b><u>(128,835)</u></b>	
<b><u>OTHER FINANCING SOURCES (USES)</u></b>			
Transfers	<u>120,000</u>	<u>118,000</u>	<u>(2,000)</u>
<u>Total Other Financing Sources (Uses)</u>	<u>120,000</u>	<u>118,000</u>	<u>(2,000)</u>
<b><u>NET CHANGE IN FUND BALANCES</u></b>	<b><u>(269,645)</u></b>	<b><u>(10,835)</u></b>	
<b><u>FUND BALANCES, Beginning</u></b>	<b><u>269,645</u></b>	<b><u>287,359</u></b>	
<b><u>FUND BALANCES, Ending</u></b>	<b><u>-</u></b>	<b><u>276,524</u></b>	

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

**FREMONT COUNTY SCHOOL DISTRICT RE-2  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL  
BOND REDEMPTION FUND  
MAJOR DEBT SERVICE FUND  
For the Year Ended June 30, 2023**

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
<b><u>REVENUES</u></b>			
Property Taxes	1,887,936	1,933,531	45,595
Specific Ownership Taxes	-	-	-
Earnings on Investments	3,000	107,919	104,919
Other Local Sources	-	6,363	6,363
<u>Total Revenues</u>	<u>1,890,936</u>	<u>2,047,813</u>	<u>156,877</u>
<b><u>EXPENDITURES:</u></b>			
Debt Service:			
Principal Retirement	1,456,000	1,455,000	1,000
Interest and Fiscal Charges	489,000	492,251	(3,251)
Other	-	-	-
Contingency	<u>3,306,977</u>	-	<u>3,306,977</u>
<u>Total Expenditures</u>	<u>5,251,977</u>	<u>1,947,251</u>	<u>3,304,726</u>
<b><u>REVENUES OVER (UNDER) EXPENDITURES</u></b>	<b>(3,361,041)</b>	<b>100,562</b>	
<b><u>FUND BALANCES, July 1</u></b>	<b><u>3,361,041</u></b>	<b><u>3,361,042</u></b>	
<b><u>FUND BALANCES, June 30</u></b>	<b><u>-</u></b>	<b><u>3,461,604</u></b>	

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

**FREMONT COUNTY SCHOOL DISTRICT RE-2  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL  
MAJOR CAPITAL RESERVE CAPITAL PROJECTS FUND  
For the Year Ended June 30, 2023**

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
<b><u>REVENUES</u></b>			
Earnings on Investments	1,000	10,681	9,681
Grant revenue	5,468,738	4,375,836	(1,092,902)
Other	-	-	-
<u>Total Revenues</u>	<u>5,469,738</u>	<u>4,386,517</u>	<u>(1,083,221)</u>
<b><u>EXPENDITURES</u></b>			
Land and Land Sites	-	-	-
Building and Improvements	7,367,449	6,034,818	1,332,631
Equipment	-	-	-
Vehicles	-	-	-
Other	-	-	-
Debt Service:			
Principal Retirement	-	-	-
Interest and fiscal charges	-	-	-
Contingency Reserves	-	-	-
<u>Total Expenditures</u>	<u>7,367,449</u>	<u>6,034,818</u>	<u>1,332,631</u>
<b><u>REVENUES OVER (UNDER) EXPENDITURES</u></b>	<b><u>(1,897,711)</u></b>	<b><u>(1,648,301)</u></b>	
<b><u>OTHER FINANCING SOURCES (USES)</u></b>			
Transfers	1,802,664	1,553,254	(249,410)
<u>Total Other Financing Sources (Uses)</u>	<u>1,802,664</u>	<u>1,553,254</u>	<u>(249,410)</u>
<b><u>NET CHANGE IN FUND BALANCES</u></b>	<b><u>(95,047)</u></b>	<b><u>(95,047)</u></b>	
<b><u>FUND BALANCE, Beginning</u></b>	<b><u>95,047</u></b>	<b><u>95,047</u></b>	
<b><u>FUND BALANCE, Ending</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	

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

**FREMONT COUNTY SCHOOL DISTRICT RE-2  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL  
BUILDING FUND  
For the Year Ended June 30, 2023**

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
<b><u>REVENUES</u></b>			
Earnings on Investments	750,000	552,466	(197,534)
Grant revenue	-	-	-
Other	-	-	-
<u>Total Revenues</u>	<u>750,000</u>	<u>552,466</u>	<u>(197,534)</u>
<b><u>EXPENDITURES</u></b>			
Land and Land Sites	-	-	-
Building and Improvements	29,414,533	2,200,440	27,214,093
Equipment	-	-	-
Vehicles	-	-	-
Other	-	-	-
Contingency Reserves	-	-	-
<u>Total Expenditures</u>	<u>29,414,533</u>	<u>2,200,440</u>	<u>27,214,093</u>
<b><u>REVENUES OVER (UNDER) EXPENDITURES</u></b>	<b><u>(28,664,533)</u></b>	<b><u>(1,647,974)</u></b>	
<b><u>OTHER FINANCING SOURCES (USES)</u></b>			
Proceeds From Debt	28,664,533	28,664,533	-
<u>Total Other Financing Sources (Uses)</u>	<u>28,664,533</u>	<u>28,664,533</u>	<u>-</u>
<b><u>NET CHANGE IN FUND BALANCES</u></b>	<b>-</b>	<b>27,016,559</b>	
<b><u>FUND BALANCE, Beginning</u></b>	<b>-</b>	<b>-</b>	
<b><u>FUND BALANCE, Ending</u></b>	<b>-</b>	<b>27,016,559</b>	

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

**STATE REQUIRED SCHEDULES**

**Auditor's Integrity Report (Revenues, Expenditures, and Fund Balance by Fund)**

**Bolded Balance Sheet**



**Colorado Department of Education**  
**Auditors Integrity Report**  
 District: 1150 – Fremont RE-2  
 Fiscal Year 2022-23  
 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
<b>Governmental :</b>							
19 General Fund	11,371,048		13,776,046		14,050,563		11,096,530
26 Risk Mgmt Sub-Fund of General Fund	0		0		0		0
29 Colorado Preschool Program Fund	167,503		556,273		521,241		202,535
<b>Sub - Total</b>	<b>11,538,551</b>		<b>14,332,319</b>		<b>14,571,804</b>		<b>11,299,066</b>
11 Charter - School Fund	0		0		0		0
20,26-29 Special Revenue Fund	0		0		0		0
05 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	859,179		1,058,920		1,103,070		815,029
22 Govt Designated-Purpose Grants Fund	0		1,233,799		1,233,799		0
23 Pupil Activity-Special Revenue Fund	287,359		518,981		529,816		276,524
25 Transportation Fund	0		0		0		0
31 Bond Retirement Fund	3,361,041		2,047,814		1,947,251		3,461,604
39 Certificate of Participation (COP) Debt Service Fund	0		0		0		0
41 Building Fund	0		29,217,000		2,200,443		27,016,559
42 Specia. Building Fund	0		0		0		0
43 Capital Reserve Capital Projects Fund	95,047		5,919,271		6,034,818		0
46 Supplemental Cap Const. Tech. Main Fund	0		0		0		0
<b>Total</b>	<b>16,141,178</b>		<b>54,348,603</b>		<b>37,620,995</b>		<b>43,804,781</b>
<b>Proprietary</b>							
59 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
<b>Total</b>	<b>0</b>		<b>0</b>		<b>0</b>		<b>0</b>
<b>Fiduciary</b>							
70 Other Trust and Agency Funds	0		0		0		0
72 Private Purpose Trust Fund	1,563,571		55,114		101,881		1,516,704
73 Agency Fund	0		0		0		0
74 Pupil Activity Agency Fund	0		0		0		0
76 GASB 34 Permanent Fund	0		0		0		0
85 Foundations	0		0		0		0
<b>Total</b>	<b>1,563,571</b>		<b>55,114</b>		<b>101,881</b>		<b>1,516,704</b>

FINAL



**Colorado Department of Education**  
**Bolded Balance Sheet Report**  
 District: 1150 - Fremont RE-2  
 Fiscal Year 2022-23  
 Colorado School District/BOCES

ASSETS	Governmental							Proprietary					Fiduciary			
	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Special Revenue Funds 20, 22-29	Supplemental Cap Const Fund 06	Total Program Reserve Fund 07	Food Service Special Revenue Fund 21	Debt Service Funds 30-39	Capital Projects Funds 40-45, 47-49	Supplemental Cap Const Fund 46	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 05	Totals
Cash and Investments (8100-8104,8111)	13,044,364	0	193,052	287,085	0	0	697,433	0	27,791,463	0	0	0	0	83,269	0	42,097,276
Cash with Fiscal Agent (8105)	97,635	0	0	0	0	0	0	0	0	0	0	0	0	0	0	3,529,375
Other Investment Accounts (8112-8115)	0	0	0	0	0	0	0	0	0	0	0	0	0	1,433,435	0	1,433,435
Taxes Receivable (8121,8122)	439,512	0	0	0	0	0	0	0	0	0	0	0	0	0	0	711,112
Interfund Loans Receivable (8131,8132)	119,655	0	83,135	0	0	0	81,277	0	458,823	0	0	0	0	0	0	742,889
Grants Accounts Receivable (8142)	85,923	0	1,247	0	0	0	78,306	0	1,111,286	0	0	0	0	0	0	1,475,507
Other Receivables (8151-8154,8161)	51,700	0	0	0	0	0	10,228	0	0	0	0	0	0	0	0	63,175
Inventories (8171,8172,8173)	0	0	0	0	0	0	11,909	0	0	0	0	0	0	0	0	11,909
Machinery and Equipment (8241,8242,8251)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total Assets</b>	<b>13,836,787</b>	<b>0</b>	<b>278,044</b>	<b>487,475</b>	<b>0</b>	<b>0</b>	<b>879,154</b>	<b>3,703,340</b>	<b>29,361,573</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,516,704</b>	<b>0</b>	<b>50,064,678</b>

Fiduciary

Proprietary

Governmental

**LIABILITIES & FUND EQUITY**

**LIABILITIES**

	General Funds 10,12-18	Charter School Fund 11	Preschool Fund 19	Special Revenue Funds 20, 22-29	Supplemental Cap Const Fund 06	Total Program Reserve Fund 07	Food Service Special Revenue Fund 21	Debt Service Funds 30-39	Capital Projects Funds 40-45, 47-49	Supplemental Cap Const Fund 46	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85	Totals
Interfund Payables (7401,7402)	623,234	0	0	103,519	0	0	0	16,136	0	0	0	0	0	0	0	742,889
Other Payables (7421-7423)	23,971	0	41	10,561	0	0	926	0	2,062,669	0	0	0	0	0	0	2,098,168
Accrued Expenses (7461)	1,198,351	0	75,467	85,251	0	0	55,070	0	0	0	0	0	0	0	0	1,415,139
Unearned Revenue (7481)	0	0	0	0	0	0	8,130	0	0	0	0	0	0	0	0	8,130
Grants Deferred Revenue (7482)	555,701	0	0	11,221	0	0	0	0	0	0	0	0	0	0	0	566,922
Other Current Liabilities (7491,7492,7499)	0	0	0	0	0	0	0	0	282,345	0	0	0	0	0	0	282,345
Compensated Absences (7541)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Deferred Inflow (7800)	340,000	0	0	0	0	0	0	225,600	0	0	0	0	0	0	0	565,600
<b>Total Liabilities</b>	<b>2,742,257</b>	<b>0</b>	<b>75,508</b>	<b>210,553</b>	<b>0</b>	<b>0</b>	<b>64,125</b>	<b>241,736</b>	<b>2,345,014</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5,679,193</b>

**FUND EQUITY**

	General Funds 10,12-18	Charter School Fund 11	Freshschool Fund 19	Special Revenue Funds 20, 22-29	Supplemental Cap Const Fund 06	Total Program Reserve Fund 07	Food Service Special Revenue Fund 21	Debt Service Funds 30-39	Capital Projects Funds 40-45, 47-49	Supplemental Cap Const Fund 46	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85	Totals
Non-spendable Fund Balance 6710	0	0	0	0	0	0	11,509	0	0	0	0	0	0	0	0	11,509
Restricted Fund Balance 6720	0	0	0	0	0	0	803,120	3,461,604	27,016,559	0	0	0	0	1,516,704	0	32,297,987
TABOR 3% Emergency Reserve 6721	645,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	645,000
TABOR Multi-Year 6722	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
District Emergency Reserve (letter of credit or real estate) 6723	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Colorado Preschool Program (CPP) Reserve 6724	0	0	202,335	0	0	0	0	0	0	0	0	0	0	0	0	202,335
Full-Day Kindergarten Reserve 6725	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Risk-Related / Restricted Capital Reserve 6726	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
BEST Capital Reserve 6727	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Program Reserve 6728	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Committed Fund Balance 6750	3,258,364	0	0	0	0	0	0	0	0	0	0	0	0	0	0	3,258,364
Assigned Fund Balance 6760	0	0	0	276,524	0	0	0	0	0	0	0	0	0	0	0	276,524
Unassigned Fund Balance 6770	7,193,166	0	0	0	0	0	0	0	0	0	0	0	0	0	0	7,193,166
Invested in Capital Assets, Net of Related Debt 6790	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Restricted Net Assets 6791	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Unrestricted Net Assets 6792	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Price Periods Adjustment 6800	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total Fund Equity</b>	<b>11,096,530</b>	<b>0</b>	<b>302,535</b>	<b>276,524</b>	<b>0</b>	<b>0</b>	<b>815,029</b>	<b>3,461,604</b>	<b>27,016,559</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,516,704</b>	<b>0</b>	<b>44,335,488</b>

	General Funds 10,12-18	Charter School Fund 11	Freshschool Fund 19	Special Revenue Funds 20, 22-29	Supplemental Cap Const Fund 06	Total Program Reserve Fund 07	Food Service Special Revenue Fund 21	Debt Service Funds 30-39	Capital Projects Funds 40-45, 47-49	Supplemental Cap Const Fund 46	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85	Totals
Total Liabilities & Fund Equity	13,838,787	0	278,044	467,077	0	0	879,154	3,703,340	29,361,573	0	0	0	0	1,516,704	0	50,054,679

	General Funds 10,12-18	Charter School Fund 11	Freshschool Fund 19	Special Revenue Funds 20, 22-29	Supplemental Cap Const Fund 06	Total Program Reserve Fund 07	Food Service Special Revenue Fund 21	Debt Service Funds 30-39	Capital Projects Funds 40-45, 47-49	Supplemental Cap Const Fund 46	Other Enterprise Funds 50, 52-59	Risk-Related Activity Funds 63-64	Other Internal Service Funds 60	Trust & Agency Funds 70-79	Foundations Fund 85	Totals
Do Assets=Liability+Fund Equity	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

For Each Fund Type:  
Do Assets=Liability+Fund Equity

**SINGLE AUDIT SECTION**

164 E. MAIN  
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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER  
MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

**Board of Education  
Fremont County School District RE-2  
Florence, CO 81226**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Fremont County School District RE-2 as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Fremont County School District RE-2's basic financial statements, and have issued our report thereon dated October 31, 2023.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Fremont County School District RE-2'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 Fremont County School District RE-2's internal control. Accordingly, we do not express an opinion on the effectiveness of the Fremont County School District RE-2's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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.

## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Fremont County School District RE-2's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

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



October 31, 2023

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

**Board of Education  
Fremont County School District RE-2  
Florence, CO 81226**

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited Fremont County School District RE-2's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Fremont County School District RE-2's major federal programs for the year ended June 30, 2023. Fremont County School District RE-2'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, Fremont County School District RE-2 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, 2023.

***Basis for Opinion on Each Major Federal Program***

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

We are required to be independent of Fremont County School District RE-2 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 Fremont County School District RE-2'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 Fremont County School District RE-2'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 Fremont County School District RE-2's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Fremont County School District RE-2's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Fremont County School District RE-2'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 Fremont County School District RE-2'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 Fremont County School District RE-2's internal control over compliance. Accordingly, no such opinion is expressed.

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

## **Report on Internal Control Over Compliance**

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

*A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

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

A handwritten signature in cursive script that reads "R. J. Waller & Co., Inc." The signature is written in dark ink and is positioned above the date.

October 31, 2023

**FREMONT COUNTY SCHOOL DISTRICT NUMBER RE-2  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2023**

---

**SECTION I - SUMMARY OF AUDITOR'S RESULTS:**

**FINANCIAL STATEMENTS**

**Auditor's Report**

An unmodified report has been issued on the financial statements of Fremont County School District Number RE-2.

**Internal Control Over Financial Reporting**

No significant deficiencies or material weaknesses were identified.

**Noncompliance Material to Financial Statements**

No instances of noncompliance in amounts material to the financial statements of Fremont County School District Number RE-2 were disclosed by the audit.

**FEDERAL AWARDS**

**Internal Control Over Major Programs**

No significant deficiencies or material weaknesses were identified.

**Auditor's Report on Compliance for Major Programs**

An unmodified report has been issued on Fremont County School District Number RE-2 compliance for major programs.

**Audit Findings**

No findings requiring disclosure in accordance with 2 CFR Section 200.516(a) were disclosed by the audit.

**Major Programs**

Education Stabilization Fund        84.425

**Dollar Threshold to Distinguish Type A and Type B Programs**

\$750,000.

**Qualification as low-risk auditee**

The District qualifies as a low-risk auditee for fiscal year 2022/2023.

**FREMONT COUNTY SCHOOL DISTRICT NUMBER RE-2  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2023**

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**(Continued)**

**SECTION II – FINANCIAL STATEMENT FINDINGS**

None

**SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

None

**FREMONT COUNTY SCHOOL DISTRICT NUMBER RE-2  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
For the Year Ended June 30, 2023**

---

None

**FREMONT COUNTY SCHOOL DISTRICT NUMBER RE-2**

**Schedule of Expenditures of Federal Awards**

For the Year Ended June 30, 2023

<i>Federal Grantor/Program or Cluster Title</i>	<i>Federal ALN Number</i>	<i>Pass-through Grantor and Number</i>	<i>Grant ID No.</i>	<i>Federal Expenditures</i>
<b>CCDF Cluster-Cluster</b>				
Department of Health and Human Services				
Child Care and Development Block Grant				
Child Care and Development Block Grant	93.575	Colorado Department of Human Services	7575	<u>58,772</u>
Total Child Care and Development Block Grant				<u>58,772</u>
<i>Total Department of Health and Human Services</i>				<u>58,772</u>
<b>Total CCDF Cluster-Cluster</b>				<u>58,772</u>
<b>Child Nutrition Cluster-Cluster</b>				
United States Department of Agriculture				
School Breakfast Program				
School Breakfast Program	10.553	Colorado Department of Education	4553	<u>165,960</u>
Total School Breakfast Program				<u>165,960</u>
National School Lunch Program				
National School Lunch Program	10.555	Colorado Department of Human Services	4555	35,050
National School Lunch Program	10.555	Colorado Department of Education	4555	510,074
National School Lunch Program	10.555	Colorado Department of Education	6555	<u>40,044</u>
Total National School Lunch Program				<u>585,168</u>
<i>Total United States Department of Agriculture</i>				<u>751,128</u>
<b>Total Child Nutrition Cluster-Cluster</b>				<u>751,128</u>
<b>Other Programs</b>				
Department of Education				
Title I Grants to Local Educational Agencies				
Title I Grants to Local Educational Agencies	84.010	Colorado Department of Education	4010	<u>394,838</u>
Total Title I Grants to Local Educational Agencies				<u>394,838</u>
Career and Technical Education -- Basic Grants to States				
Career and Technical Education -- Basic Grants to States	84.048	Colorado Community Colleges	5048	<u>23,940</u>
Total Career and Technical Education -- Basic Grants to States				<u>23,940</u>
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)				
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	84.367	Colorado Department of Education	4367	<u>65,367</u>
Total Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)				<u>65,367</u>
Student Support and Academic Enrichment Program				
Student Support and Academic Enrichment Program	84.424	Colorado Department of Education	4424	<u>33,031</u>
Total Student Support and Academic Enrichment Program				<u>33,031</u>
Education Stabilization Fund				
Education Stabilization Fund	84.425U	Colorado Department of Education	4414	1,492,482
Education Stabilization Fund	84.425D	Colorado Department of Education	4420	104,821
Education Stabilization Fund	84.425U	Colorado Department of Education	4429	240,938
Education Stabilization Fund	84.425W	Colorado Department of Education	8426	<u>8,348</u>
Total Education Stabilization Fund				<u>1,846,589</u>
<i>Total Department of Education</i>				<u>2,363,765</u>
Department of Health and Human Services				
Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response				
Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	93.354	Colorado Department of Education	7354	<u>169,171</u>
Total Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response				<u>169,171</u>
<i>Total Department of Health and Human Services</i>				<u>169,171</u>
United States Department of Agriculture				
Pandemic EBT Administrative Costs				
Pandemic EBT Administrative Costs	10.649	Colorado Department of Education	4649	<u>1,281</u>
Total Pandemic EBT Administrative Costs				<u>1,281</u>
<i>Total United States Department of Agriculture</i>				<u>1,281</u>
<b>Total Other Programs</b>				<u>2,534,217</u>
<b>Total Expenditures of Federal Awards</b>				<u>\$ 3,344,117</u>

The accompanying notes are an integral part of this schedule

**FREMONT COUNTY SCHOOL DISTRICT NUMBER RE-2**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended June 30, 2023**

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**NOTE 1**    **Basis of Presentation**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Fremont County School District Number RE-2 and is presented on the modified accrual basis of accounting. The information is presented in accordance with the requirements of Title 2 U.S. Code of Federal Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the general purpose financial statements.

**NOTE 2**    **INDIRECT COST RATES**

All grants being charged indirect cost have been received through the Colorado Department of Education. The Department calculates an allowable indirect cost rate for individual sub-recipients and mandates that the rate be used as the maximum for the recovery of indirect cost. The District has recovered indirect cost from grant funds at an amount no greater than that allowed by the Colorado Department of Education and has not elected to use the 10% de minimis indirect cost rate allowed by Uniform Guidance.

**NOTE 3**    **Food Distribution**

Non-monetary assistance is reported in the schedule at the fair market value of commodities received.

**NOTE 4**    **SUBRECIPIENT PAYMENTS**

No amounts of federal financial assistance were passed through to subrecipients in the year ended June 30, 2023.