

East Grand School District No. 2

Financial Report

June 30, 2024



East Grand School District No. 2
Annual Financial Report
June 30, 2024

TABLE OF CONTENTS

Independent Auditor’s Report	A1 – A3
Management’s Discussion and Analysis.....	B1 – B6
Basic Financial Statements:	
District-Wide Financial Statements:	
Statement of Net Position	C1
Statement of Activities.....	C2
Fund Financial Statements:	
Balance Sheet – Governmental Funds	C3
Reconciliation of Governmental Funds Balance Sheet to the Statement of Activities	C4
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	C5
Reconciliation of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	C6
Notes to the Basic Financial Statements	D1 – D41
Required Supplementary Information:	
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual:	
General Fund	E1
Food Service Fund	E2
Designated Purpose Grant Fund	E3
Schedule of the District’s Proportionate Share of the Net Pension Liability.....	E4
Schedule of District Pension Contributions	E5
Schedule of District’s Proportionate Share of the OPEB Liability	E6
Schedule of District OPEB Contributions	E7
Notes to the Required Supplementary Information	E8 – E11

East Grand School District No. 2
Annual Financial Report
June 30, 2024

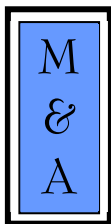
TABLE OF CONTENTS
(Continued)

Supplementary Information:

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual (GAAP Basis):	
Bond Redemption Fund	F1
Building Fund	F2
Capital Reserve Capital Projects Fund	F3
Combining Balance Sheet – Non-major Governmental Funds	F4
Combining Schedule of Revenues, Expenditures and Changes, in Fund Balances – Non-major Governmental Funds	F5
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual:	
Pupil Activity Fund.....	F6
Transportation Fund.....	F7
Schedule of Revenues, Expenditures and Changes in Fund Balances - Schedule of Combined General Fund	F8
Schedule of Capital Assets Used in the Operation of Governmental Funds.....	F9
Colorado Department of Education Requirements Electronic Financial Data Integrity Check Figures	F10

Reports and Schedules for Reporting Requirements of Uniform Guidance:

Single Audit Reports.....	G1 – G7
Schedule of Expenditures of Federal Financial Awards.....	G8



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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of East Grand School District No. 2, Colorado (the "District"), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of June 30, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Member: American Institute of Certified Public Accountants

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with U.S. GAAS, we:

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

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

Required Supplementary Information

U.S. GAAP require Management's Discussion and Analysis in Section B, the Schedule of the District's Proportionate Share of the Net Pension Liability, Schedule of District Pension Contributions, Schedule of District's Proportionate Share of the Other Post-Employment Benefits Liabilities, Schedule of District's Other Post-Employment Benefit Contributions, and the Notes to the Required Supplemental Information in Section E, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in section B in accordance with U.S. GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Required Supplementary Information (continued)

The budgetary comparison information in section E is not a required part of the basic financial statements but is supplementary information required by U.S. GAAP. The budgetary comparison information in section E is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. GAAS. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Supplementary Information

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

The combining fund financial statements, individual budgetary schedules, the Colorado Department of Education Auditor's Electronic Data Integrity Check Figures, and the Schedule of Expenditures of Federal Awards listed in the accompanying table of contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. GAAS. In our opinion, the combining fund financial statements, individual budgetary schedules, the Colorado Department of Education Auditor's Electronic Data Integrity Check Figures, the statistical section, and the Schedule of Expenditures of Federal Awards listed in the accompanying table of contents is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 27, 2025 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and on compliance.

McMahan and Associates, L.L.C.

**McMahan and Associates, L.L.C.
Avon, Colorado
February 27, 2025**

East Grand School District No. 2

Management's Discussion and Analysis



East Grand School District No. 2
Management's Discussion and Analysis
As of and for the Fiscal Year Ended June 30, 2024

As management of the East Grand School District No. 2 (the "District"), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2024.

Financial Highlights

- The liabilities of the District exceeded its assets at year-end by \$9,463,079. This deficit net position is primarily the result of the District's share of PERA's net pension and post-employment health benefit liabilities.
- The District's total net position increased by \$7,652,184. This is primarily related to the current year change in the District's pension and post-employment health benefit liabilities and approximately \$3.3 million in net investment and interest income earnings.
- At the close of the current fiscal year, the District's governmental funds reported combined ending fund balance of \$39,288,096, which decreased \$46,070,497 from the prior year. The overall decrease is primarily due expenditures related to the issuance of general obligation bonds in the Building Fund, which occurred in fiscal year 2022.
- At the end of the current fiscal year, the total fund balance for the General Fund was \$5,819,442 or 30% of total General Fund expenditures and transfers of \$19,688,333. The District has continued to weather the economic challenges facing the state of Colorado and its ability to fund education. The District's General Fund includes the Insurance Reserve Fund, as required by the Colorado Department of Education.

Overview of the Financial Statements

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

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

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

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

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

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

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

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

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

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

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

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

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

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

District-wide Financial Analysis:

As noted earlier, net position may serve over time as a useful indicator of a District's financial position. In the case of the District, liabilities and deferred inflows of resources exceed assets and deferred outflows of resources by \$9,463,077 at year end.

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

	Governmental Activities	
	2024	2023
Assets:		
Current and other assets	\$ 56,151,184	\$ 95,250,721
Capital assets	107,685,103	56,301,305
Total Assets	163,836,287	151,552,026
Deferred Outflows of resources	9,634,113	8,349,216
Liabilities:		
Other liabilities	16,982,602	10,135,128
Long-term liabilities	145,363,418	144,774,798
Total Liabilities	162,346,020	154,909,926
Deferred Inflows of resources	1,661,301	3,180,421
Net Position:		
Net Investment in capital assets	15,355,815	15,797,677
Restricted	7,378,946	6,851,091
Unrestricted	(13,271,682)	(20,837,873)
Total Net Position	\$ 9,463,079	\$ 1,810,895

Of the District's total net position, \$15,355,815 reflects its investment in capital assets (e.g., land, buildings and equipment, etc.) less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to its students and the community; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from property taxes, since the capital assets themselves cannot be used to liquidate these liabilities.

Approximately \$5.8 million of an increase in other liabilities at June 30, 2024 is attributed to an increase in accounts payable and accrued retainage, which is a result of the bond issuances that occurred in fiscal year 2022. Current assets decreased \$39 million due to expenditures of the bond proceeds on capital renovation projects for the schools.

District-wide Financial Analysis (continued):

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

	Governmental Activities	
	2024	2023
Revenues:		
<i>Program revenues</i>		
Charges for services	\$ 200,738	\$ 509,641
Operating grants and contributions	3,590,176	4,030,818
Capital grants and contributions	1,818,298	772,990
<i>General revenues</i>		
Property taxes	25,484,022	20,562,216
Specific ownership taxes	1,323,571	1,293,796
State revenue	-	1,017,003
Investment earnings	3,318,095	2,738,881
Other	2,115,263	1,766,039
Total revenues	<u>37,850,163</u>	<u>32,691,384</u>
Expenditures:		
Direct instruction	14,808,383	14,592,048
Indirect instruction	3,258,040	3,483,633
Transportation	1,771,907	1,162,801
Custodial maintenance	2,467,895	2,246,377
Support services	552,610	551,305
General administration	2,325,758	2,576,085
Student activities	1,182,135	1,154,783
Interest	3,058,361	3,287,327
Food services	772,890	687,973
Total Expenses	<u>30,197,979</u>	<u>29,742,332</u>
Change in net position	7,652,184	2,949,052
Net position - July 1	1,810,895	(1,138,157)
Net position - June 30	<u>\$ 9,463,079</u>	<u>\$ 1,810,895</u>

Governmental Activities: As indicated above, governmental activities changed the District's net position by \$7,652,184. Key elements of this change are as follows:

- The net change in the net pension liability and related deferred inflows and outflows of resources resulted in pension expense of \$1,427,246 allocated to the above expenses in relation to salary costs.
- Net investment earnings increased \$579,214 from 2023 due to an increase in interest rates, and an increase in cash and investments held by the District for unspent bond proceeds.
- State revenues decreased \$1,017,003 due to the District being fully funded by property taxes, resulting in no state equalization revenues.

Financial Analysis of the District's Funds

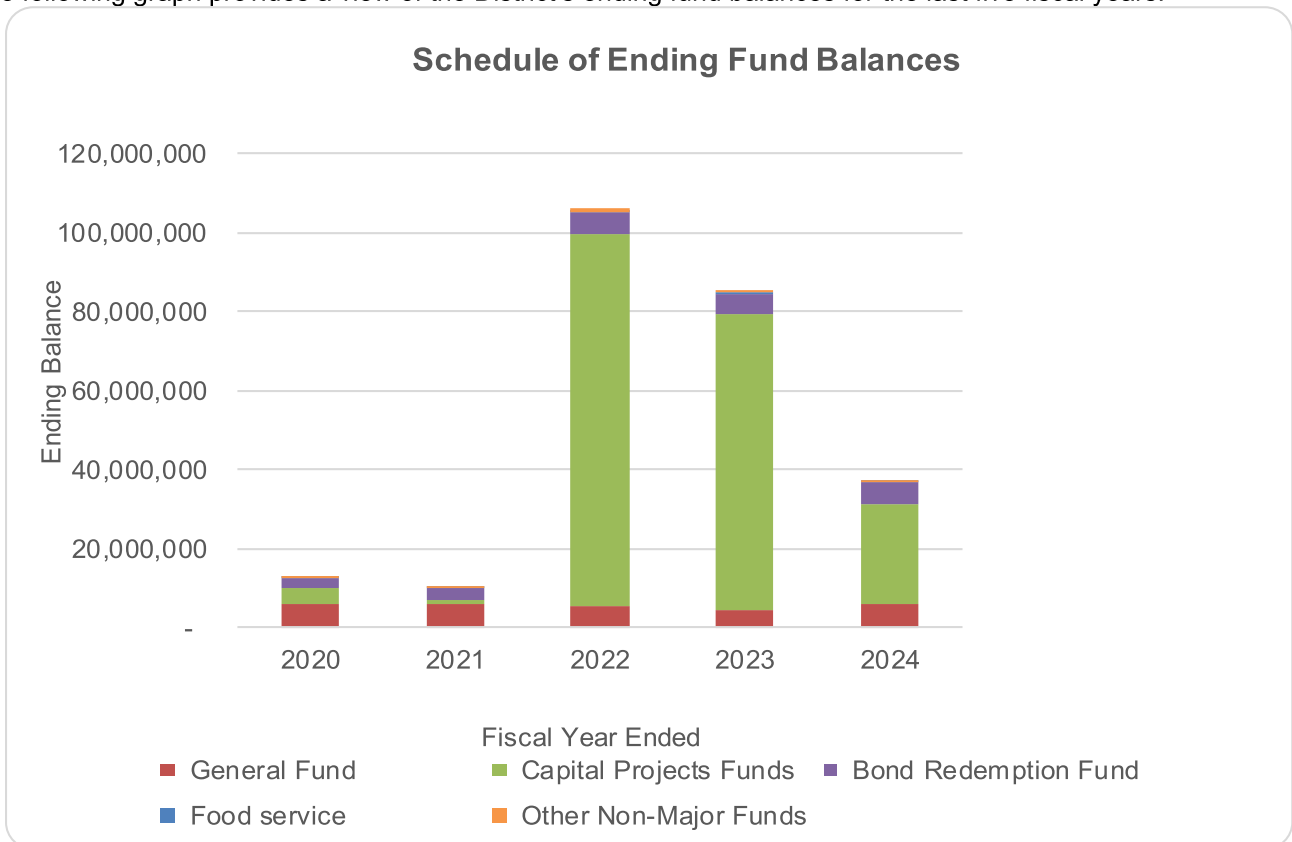
As mentioned earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

- As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$39,288,096 which decreased by \$46,070,497 from the prior year ending fund balances. The majority of this decrease is related to the expenditures incurred as a result of the 2022 issuance of general obligation bonds.
- Of the ending fund balance a portion is restricted to servicing required debt principal and interest payments, as well as the required 3% TABOR emergency reserve.

Fund Balance Trending:

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



As shown above in the bar graph the District's Capital Projects Funds, specifically the Building Fund's ending fund balance decreased due to the expenditure of the general obligation bonds issued in fiscal year 2022. Fund balance will continue to decrease with the expenditure of remaining bond proceeds.

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

REVENUES	Variance Positive (Negative)	Reason
Taxes:		
Property taxes	\$ 714,253	Decrease in mill levies
Intergovernmental - State revenue	428,511	Conservative budget
EXPENDITURES		
Direct instruction	301,582	Unfilled positions and conservative budgeting
Transportation	(340,962)	Unbudgeted expense related to electrical work to accommodate electric buses.

Budget Amendments

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

Capital Assets: The District’s governmental capital assets, net of accumulated depreciation, totaled \$107,685,103 as of June 30, 2024. The District capitalizes assets, including land, buildings and improvements, vehicles, equipment, and construction in progress, with an original cost greater than \$5,000 and useful life of more than two years.

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

Long-Term Debt: As of the end of the current fiscal year, the District’s long-term debt totaled \$145,363,418.

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

Economic Factors and Outlook

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

Request for Information

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

East Grand School District No. 2

Basic Financial Statements



East Grand School District No. 2
Statement of Net Position
June 30, 2024

ASSETS	Governmental Activities
Cash and cash equivalents - unrestricted	8,018,327
Investments - unrestricted	9,668,410
Investments - restricted	35,977,588
Accounts, taxes, and interest receivable	2,267,462
Grants receivable	156,417
Prepaid items	62,979
Total current assets	56,151,184
Capital assets:	
Construction in progress	77,608,861
Land	524,414
Buildings and improvements	65,068,241
Equipment	1,708,149
Vehicles	3,256,406
Less: Accumulated depreciation	(40,480,968)
Total capital assets	107,685,103
Total assets	163,836,287
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charges on refunding, net	1,038,836
Items related to pension	8,384,654
Items related to post employment health benefits	210,623
Total deferred outflows of resources	9,634,113
LIABILITIES	
Current liabilities:	
Accounts, retainage, arbitrage & deposits payable	14,025,434
Accrued compensation	2,432,290
Accrued interest	334,969
Unearned revenue	189,909
Total current liabilities	16,982,602
Noncurrent liabilities:	
Compensated absences	572,552
Bonds and capital leases	
Due within one year	2,572,823
Due in more than one year	108,656,559
Other liabilities - due in more than one year	
Pension	32,770,216
Post employment health benefits	791,268
Total noncurrent liabilities	145,363,418
Total liabilities	162,346,020
DEFERRED INFLOWS OF RESOURCES	
Items related pension	1,349,304
Items related to post employment health benefits	311,997
Total deferred inflows of resources	1,661,301
EQUITY	
Net Investment in Capital Assets	15,355,815
Restricted for:	
TABOR	768,000
Capital projects	873,285
Other purposes	468,062
Debt service	5,269,599
Unrestricted	(13,271,682)
Total net position	9,463,079

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

East Grand School District No. 2
Statement of Activities
For the Year Ended June 30, 2024

	Program Revenues			Net (Expenses) Revenue and Changes in Net Position
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Functions/Programs:				
Primary Government				
Governmental Activities:				
Direct instruction	14,808,383	1,396,626	-	(13,387,868)
Indirect instruction	3,258,040	752,905	-	(2,505,135)
Transportation	1,771,907	165,316	790,000	(803,433)
Custodial and maintenance	2,467,895	-	1,028,298	(1,439,597)
Support services	552,610	257,705	-	(294,905)
General administration	2,325,758	-	-	(2,325,758)
Student activities	1,182,135	130,435	-	(719,243)
Food service	772,890	33,256	-	(54,467)
Interest	3,058,361	-	-	(3,058,361)
Total governmental activities	30,197,979	200,738	1,818,298	(24,588,767)
General revenues:				
Taxes				
Local property taxes levied for general purposes				18,721,952
Local property taxes levied for debt payments				6,476,516
Local property taxes levied for transportation				285,554
Specific ownership taxes				1,323,571
State equalization revenue				-
Grants and contributions not restricted to specific programs				2,115,263
Interest and investment earnings				3,318,095
Total general revenues and transfers				32,240,951
Change in net position				7,652,184
Net position, beginning				1,810,895
Net position, ending				9,463,079

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

East Grand School District No. 2
Balance Sheet
Governmental Funds
June 30, 2024

	General Fund	Food Service Fund	Designated Purpose Grant Fund	Bond Redemption Fund	Building Fund	Capital Reserve Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
ASSETS AND OTHER DEBITS								
Assets:								
Cash and cash equivalents - unrestricted	-	119,901	266,504	-	4,763,532	294,967	2,573,423	8,018,327
Investments - unrestricted	9,106,975	-	-	-	-	-	561,435	9,668,410
Investments - restricted	-	-	-	4,962,330	31,015,258	-	-	35,977,588
Accounts, taxes, and interest receivable	974,349	1,476	34,018	307,269	-	732,175	2,721	2,052,008
Grants receivable	7,045	68,664	80,708	-	-	-	-	156,417
Prepaid items	24,730	-	-	-	-	38,249	-	62,979
Due from other funds	-	-	-	-	2,001,101	-	-	2,001,101
Total assets and other debits	10,113,099	190,041	381,230	5,269,599	37,779,891	1,065,391	3,137,579	57,936,830

LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES

Liabilities:								
Accounts and other current payables	142,367	250	16,871	-	13,154,000	22,045	689,901	14,025,434
Accrued compensation	2,150,189	45,317	174,450	-	-	-	62,334	2,432,290
Unearned revenue	-	-	189,909	-	-	-	-	189,909
Due to other funds	2,001,101	-	-	-	-	-	-	2,001,101
Total liabilities	4,293,657	45,567	381,230	-	13,154,000	22,045	752,235	18,648,734
Fund balances:								
Non-spendable	24,730	7,240	-	-	-	38,249	-	70,219
Spendable:								
Restricted	768,000	-	-	5,269,599	-	-	-	6,037,599
Committed	161,167	137,234	-	-	24,625,891	1,005,097	2,385,344	28,314,733
Assigned	62,813	-	-	-	-	-	-	62,813
Unassigned	4,802,732	-	-	-	-	-	-	4,802,732
Total fund balances	5,819,442	144,474	-	5,269,599	24,625,891	1,043,346	2,385,344	39,288,096
Total liabilities and fund balances	10,113,099	190,041	381,230	5,269,599	37,779,891	1,065,391	3,137,579	57,936,830

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

East Grand School District No. 2
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2024

Governmental Funds Total Fund Balance		39,288,096
Property taxes receivable will be collected this calendar year, but are not available soon enough to pay for the current period's expenditures, and therefore, are deferred in the		215,455
Capital assets used in governmental activities are not considered current financial resources and, therefore, are not reported in the governmental funds:		
Capital assets	148,166,071	
Accumulated depreciation	<u>(40,480,968)</u>	107,685,103
Deferred charges such as bond issuance costs, deferred refunding costs, and premiums and discounts on bonded debt, are treated as current transactions on the fund financial statements, but are capitalized and amortized on the Statement of Net Position:		
Deferred refunding costs	1,038,836	
Premiums and discounts on bonded debt	<u>(15,652,294)</u>	(14,613,458)
Changes in pension and OPEB related actuarial assumptions, proportion of collective pension and OPEB amounts, differences between actual and expected experience and investment earnings, and differences between actual and annualized contributions to the pension plan and Health Care Trust Fund are recorded as deferred inflows or outflows of resources and amortized over the average remaining service life of all active and inactive		
Unamortized pension-related deferred outflows	8,384,654	
Unamortized OPEB-related deferred outflows	210,623	
Unamortized pension-related deferred inflows	(1,349,304)	
Unamortized pension-related deferred outflows	<u>(311,997)</u>	<u>6,933,976</u>
Long-term liabilities, including bonds payable, net pension and OPEB liability, accrued compensated absences, retainage payable, and accrued interest are not due and payable in the current period and therefore, are not reported in the funds. This is the amount of District long-term liabilities:		
Bond debt and interest coupons	(95,060,000)	
Accrued compensated absences	(572,552)	
Net pension liability	(32,770,216)	
Post employment health benefits liability	(791,268)	
Leases payable	(517,088)	
Accrued interest	<u>(334,969)</u>	<u>(130,046,093)</u>
Governmental Activities Net Position		<u><u>9,463,079</u></u>

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

East Grand School District No. 2
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2024

	General Fund	Food Service Fund	Designated Purpose Grant Fund	Bond Redemption Fund	Building Fund	Capital Reserve Fund	Other Governmental Funds	Total Governmental Funds
REVENUES								
Taxes:								
Property taxes	16,803,562	-	-	6,444,454	-	-	2,135,290	25,383,306
Specific ownership taxes	1,306,256	-	-	-	-	-	17,315	1,323,571
Intergovernmental - State revenue	709,142	368,813	627,170	-	1,028,298	-	165,316	2,898,739
Intergovernmental - Federal revenue	1,355,017	316,355	1,567,722	-	-	-	-	3,239,094
Investment income	225,325	-	-	211,646	-	-	-	3,318,094
Other	451,720	33,256	212,915	6,973	2,881,123	280,496	462,892	1,448,252
Total revenues	20,851,022	718,424	2,407,807	6,663,073	3,909,421	280,496	2,780,813	37,611,056
EXPENDITURES								
Direct instruction	11,059,506	-	515,000	-	-	-	331,106	11,905,612
Indirect instruction	1,981,995	-	1,013,644	-	-	-	-	2,995,639
Transportation	775,195	-	790,000	-	-	-	425,491	1,990,686
Custodial and maintenance	2,266,489	-	89,163	-	-	-	-	2,355,652
Support services	521,013	-	-	-	-	-	-	521,013
General administration	2,127,318	-	-	-	-	-	715	2,128,033
Student activities	-	-	-	-	-	-	855,920	855,920
Food service	-	746,250	-	-	-	-	-	746,250
Debt service:								
Principal	-	-	-	2,365,000	-	122,543	-	2,487,543
Interest and fiscal charges	-	-	-	4,057,945	26,487	26,755	-	4,111,187
Other	-	-	-	10,603	-	-	-	10,603
Capital outlay	303,662	25,420	-	-	52,900,715	343,618	-	53,573,415
Total expenditures	19,035,178	771,670	2,407,807	6,433,548	52,927,202	492,916	1,613,232	83,681,553
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,815,844	(53,246)	-	229,525	(49,017,781)	(212,420)	1,167,581	(46,070,497)
OTHER FINANCING SOURCES (USES)								
Transfers in (out)	(653,155)	-	-	-	-	-	653,155	-
Total other financing sources (uses)	(653,155)	-	-	-	-	-	653,155	-
NET CHANGE IN FUND BALANCES	1,162,689	(53,246)	-	229,525	(49,017,781)	(212,420)	1,820,736	(46,070,497)
FUND BALANCES, BEGINNING	4,656,753	197,720	-	5,040,074	73,643,672	1,255,766	564,608	85,358,593
FUND BALANCES (DEFICIT), ENDING	5,819,442	144,474	-	5,269,599	24,625,891	1,043,346	2,385,344	39,288,096

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

East Grand School District No. 2
Reconciliation of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
June 30, 2024

Governmental Funds Change in Fund Balances	(46,070,497)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount of capital outlays reported as expenditures in the governmental funds.	53,374,704
Debt principal payments result in a reduction of accumulated resources on the fund financial statements. The government-wide statements show these payments as reductions against long-term liabilities.	2,487,543
Deferred property tax revenues do not provide current financial resources and are deferred on the governmental fund financial statements but recognized on the government-wide financial statements. This is the change in the deferred property tax recognized in the Statement of Activities.	117,099
Amortization of deferred costs such as premium and discounts and deferred charges from refunding and changes in accrued interest have no impact on current available resources but do change government-wide net position.	1,052,826
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount of depreciation expense reported as an expenditure in the governmental activities' functions.	(1,990,906)
Change in the District's net pension obligation reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. This is the change in the District's net pension obligation during the year, including differences between District contributions to the pension plan and amortization of pension-related deferrals.	(1,359,985)
Changes in the District's net post employment health benefits obligation reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. This is the change in District's net post employment health benefits obligation during the year, including differences between District contributions to the plan and amortization of post employment health benefits related deferrals.	<u>122,582</u>
Governmental Activities Change in Net Position	<u><u>7,652,184</u></u>

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

East Grand School District No. 2

Notes to the Basic Financial Statements



East Grand School District No. 2
Notes to the Financial Statements
June 30, 2024

I. Summary of Significant Accounting Policies

The East Grand School District No. 2 (the “District”) was formed in 1893 and is located in Colorado’s central Rocky Mountains. More specifically, the District is located in the eastern portion of Grand County. The District provides services to approximately one thousand two hundred eighty six (1,286) students. The District’s mission is *“As a result of our efforts, students will graduate as self-reliant and productive citizens, prepared to pursue the careers of choice through further education and training.”* The District operates the following schools:

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

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

A. Reporting Entity

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

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

B. Government-wide and Fund Financial Statements

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

East Grand School District No. 2
Notes to the Financial Statements
June 30, 2024
(Continued)

I. Summary of Significant Accounting Policies (continued)

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

1. Government-wide Financial Statements

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

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

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

2. Fund Financial Statements

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

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

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

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

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

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

East Grand School District No. 2
Notes to the Financial Statements
June 30, 2024
(Continued)

I. Summary of Significant Accounting Policies (continued)

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

2. Fund Financial Statements (continued)

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

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

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

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

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

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

1. Long-term Economic Focus and Accrual Basis

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

East Grand School District No. 2
Notes to the Financial Statements
June 30, 2024
(Continued)

I. Summary of Significant Accounting Policies (continued)

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

2. Current Financial Focus and Modified Accrual Basis

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

3. Financial Statement Presentation

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. The District does not have any proprietary funds.

D. Financial Statement Accounts

1. Cash, Cash Equivalents, and Investments

Cash and cash equivalents include amounts in demand deposits as well as short-term investments with a maturity date within 3 months of the acquisition date.

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

East Grand School District No. 2
Notes to the Financial Statements
June 30, 2024
(Continued)

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

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

The District follows Colorado statutes specifying specific investment instruments meeting defined rating criteria in which local governments may invest, which include:

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

2. Receivables

Receivables are reported net of an allowance for uncollectible accounts. At June 30, 2024, the District deems all receivables collectable and therefore does not have an allowance for uncollectible accounts established.

3. Prepaid Items

The District uses the consumption method to account for prepaid items. Payments to vendors that reflect costs applicable to future accounting periods are recorded as prepaid items in both government-wide and fund financial statements.

4. Property Taxes

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

5. Inventories

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories recorded in the *Food Service Fund* consist of purchased and donated commodities. Donated commodities inventories are offset by unearned revenue. 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.

East Grand School District No. 2
Notes to the Financial Statements
June 30, 2024
(Continued)

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

6. Interfund Transactions

Interfund services provided and used are accounted for as revenues, expenditures, or expenses. Transactions that constitute reimbursements to a fund for expenditures or expenses initially made from it that are properly applicable to another fund, are recorded as “due from other funds” or “due to other funds” on the balance sheet when they are expected to be liquidated within one year. If the receivable or payable is not expected to be liquidated after one year, it is classified as “advances to other funds” or “advances from other funds”.

7. Deferred Charges on Refunding

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

8. Capital Assets

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

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

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

<u>Assets</u>	<u>Years</u>
Buildings and improvement	5 - 35
Vehicles	7
Equipment	5

9. Compensated Absences

Vested or accumulated leave that is expected to be liquidated with expendable available financial resources are reported as expenditures and a fund liability of the governmental fund that will pay it, which is the General Fund. Amounts of vested or accumulated leave that are not expected to be liquidated with expendable available financial resources are reported in the governmental activities column in the Government-wide financial statements. No liability is recorded for non-vesting accumulating rights.

East Grand School District No. 2
Notes to the Financial Statements
June 30, 2024
(Continued)

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

10. Long-term Debt

In the Government-wide financial statements, long-term debt is reported as liabilities in the governmental activities statement of net position. Bonds payable are reported net of the applicable bond premium or discount and deferred refunding costs. Bond premiums, discounts, and deferred refunding costs are amortized over the life of the bonds based on interest payments.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

11. Pensions

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

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

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

13. Deferred Outflows of Resources and Deferred Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditures) until then. The District has three items, charge on refunding, pension, and other post-employment benefits ("OPEB") related deferred outflows, which qualify for reporting under this category on the Statement of Net Position. A charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. The amount is deferred and amortized over the shorter of the life of the refunded debt or refunding debt.

East Grand School District No. 2
Notes to the Financial Statements
June 30, 2024
(Continued)

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

13. Deferred Outflows of Resources and Deferred Inflows of Resources

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applied to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District has two items that qualify for reporting in this category, pension and OPEB related deferred inflows, reported in the Statement of Net Position. These amounts are deferred and recognized as an inflow from resources in the period that the amounts become available.

See Note III.G and Note III.H below for discussion on pension and OPEB, respectively, related deferred outflows and inflows.

E. Significant Accounting Policies

1. Use of Estimates

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

2. Categories and Classification of Fund Balance

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

3. Restricted and Unrestricted Resources

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

East Grand School District No. 2
Notes to the Financial Statements
June 30, 2024
(Continued)

I. Summary of Significant Accounting Policies (continued)

E. Significant Accounting Policies (continued)

4. Comparative Information

These financial statements include certain prior year comparative information which have been reclassified in the 2023 financial statements. Accordingly, such information should be read in conjunction with the District's financial statements for the year ended June 30, 2022; from which such comparative totals were derived.

II. Stewardship, Compliance, and Accountability

A. Budgetary Information

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

As required by Colorado Statutes, the District followed the required timetable noted below in preparing, approving, and enacting its budget for 2024.

1. The proposed budget was submitted to the Board of Education by May 31 of the year preceding the budget year. The proposed budget must include a description of major educational objectives and how the proposed budget fulfills those objectives.
2. Notice was published within ten (10) days which contained: availability of proposed budget for inspection, date and time of budget adoption meeting, and that any County taxpayer may file objections prior to the adoption of the budget.
3. The Board of Education certified revenue requirements to the local County Commissioners prior to December 15.
4. The final budget was adopted prior to June 30, along with an appropriation resolution.

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

For the year ended June 30, 2024, expenditures exceed appropriations as follows:

Fund	Amount
Food Service Fund	\$ 52,252
Grants Fund	1,406,438
Debt Service Fund	5,603
Building Fund	8,312,189
Capital Reserve Fund	198,618
Pupil Activity Fund	62,584

East Grand School District No. 2
Notes to the Financial Statements
June 30, 2024
(Continued)

I. Summary of Significant Accounting Policies (continued)

E. Significant Accounting Policies (continued)

4. Comparative Information

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East Grand School District No. 2
Notes to the Financial Statements
June 30, 2024
(Continued)

II. Stewardship, Compliance, and Accountability

A. Budgetary Information (continued)

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

B. TABOR Amendment

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

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

TABOR also requires local governments to establish emergency reserves to be used for declared emergencies only. Emergencies, as defined by TABOR, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. These reserves are required to be 3% or more of fiscal year spending. The District has reserved \$768,000 of its June 30, 2024 year-end General Fund balance for emergencies as required under TABOR.

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

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

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

East Grand School District No. 2
Notes to the Financial Statements
June 30, 2024
(Continued)

III. Detailed Notes on All Funds

A. Deposits and Investments

The District's deposits are entirely covered by federal depository insurance ("FDIC") or by collateral held under Colorado's Public Deposit Protection Act ("PDPA"). The FDIC insures the first \$250,000 of the District's deposits at each financial institution for interest-bearing accounts. Non-interest bearing accounts are fully insured. Deposit balances for interest-bearing accounts over \$250,000 are collateralized as required by PDPA. As of year-end, \$53,664,325 is the carrying amount of the District's cash and investments.

Fair Value of Investments

The District measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- Level 1: Quoted prices for identical investments in active markets;
- Level 2: Observable inputs other than quoted market prices; and,
- Level 3: Unobservable inputs. At June 30, 2024, the District had the following recurring fair value measurements:

<u>Investments Measured at Fair Value</u>	<u>Total</u>	<u>Fair Value Measurements Using</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
U.S. Treasuries	6,268,232	6,268,232	-	-
Total	\$ 6,268,232	6,268,232	-	-
<u>Investments Measured at Amortized Cost</u>	<u>Total</u>			
CSIP - LGIP	\$ 24,731,508			
<u>Investments Measured at Net Asset Value</u>	<u>Total</u>			
COLOTRUST	\$ 12,631,624			

Interest Rate Risk. The District limits investments maturities as required by state statutes as a means of managing its exposure to fair value losses arising from increasing interest rates. State statutes require the District to limit maturities to five years from the date of purchase. Maturities of investments held at June 30, 2024 are provided in the previous schedule. The District coordinates its investment maturities to closely match cash flow needs.

Custodial Risk. State law specify instruments in which local governments may invest, including obligations of the United States, certain U.S. governmental agency securities, local government investment pools, and commercial paper, among other items. The District's general investment policy is to invest surplus funds in accordance with state law, to ensure the preservation of capital, to ensure that adequate funds are available at all times to meet the financial obligations of the District when due, and to realize rates of return on invested funds which are comparable to market levels.

Concentration of Credit Risk. The District diversifies its investments by security type and institution. The District places no limit on the amount it may invest in any one issuer.

East Grand School District No. 2
Notes to the Financial Statements
June 30, 2024
(Continued)

III. Detailed Notes on All Funds

B. Deposits and Investments (continued)

Local Government Investment Pool – At June 30, 2024, the District had invested \$12,631,624 in the Colorado Government Liquid Asset Trust (“COLOTRUST”), referred to as the Trust. The Trust is an investment vehicle established by State statute for local government entities in Colorado to pool surplus funds for investment purposes, and is registered with the State Securities Commissioner. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions of each pooled investment. The majority of securities owned by the Trust are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian’s internal records identify investments owned by the Trust. The Trust investments consist of U.S. Treasury and U.S. agency securities, and repurchase agreements collateralized by U.S. Treasury and U.S. agency securities. These investments are not categorized because the underlying securities cannot be determined. Of the investments held in the Trust at June 30, 2024, the District had invested in COLOTRUST PLUS+, which operates similarly to money market funds and each share is equal in value to \$1.

At June 30, 2024, the District had an unrealized gains of \$583,475, which reflects changes in the fair value of its investments. The County’s cash and investments at June 30, 2024 had the following maturities:

<u>Type:</u>	<u>Standard and Poors</u>	<u>Carrying Amount</u>	<u>Maturities</u>	
			<u>Less than One Year</u>	<u>Less than Five Years</u>
<i>Deposits:</i>				
Checking accounts	Not rated	\$ 5,055,113	\$ 5,055,113	\$ -
<i>Investments:</i>				
Investment pool	AAAm	37,378,650	37,378,650	-
U.S. Treasuries	AA+	6,268,232	6,268,232	-
Money market funds	AAAm	4,962,330	4,962,330	-
		<u>\$ 53,664,325</u>	<u>\$ 53,664,325</u>	<u>\$ -</u>
<u>Reconciliation to Statement of Net Position:</u>				
Cash and cash equivalents - unrestricted		\$ 8,018,327		
Investments - unrestricted		9,668,410		
Investments - restricted		35,977,588		
Total		<u>\$ 53,664,325</u>		

East Grand School District No. 2
Notes to the Financial Statements
June 30, 2024
(Continued)

IV. Detailed Notes on All Funds (continued)

B. Receivables

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

	<u>General Fund</u>	<u>Food Service Fund</u>	<u>Designated Purpose Grant Fund</u>	<u>Bond Redemption Fund</u>
Receivables:				
Taxes	\$ 974,349	\$ -	\$ -	\$ 307,269
Accounts	-	1,476	34,018	-
Grants receivable	7,045	68,664	80,708	-
Net Receivables	<u>\$ 981,394</u>	<u>\$ 70,140</u>	<u>\$ 114,726</u>	<u>\$ 307,269</u>

	<u>Building Fund</u>	<u>Capital Reserve Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Receivables:				
Taxes	\$ -	\$ -	\$ -	\$ 1,281,618
Accounts	-	732,175	2,721	770,390
Grants receivable	-	-	-	156,417
Net Receivables	<u>\$ -</u>	<u>\$ 732,175</u>	<u>\$ 2,721</u>	<u>\$ 2,208,425</u>

C. Capital Assets

Capital asset activity for the year ended June 30, 2024 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Construction in progress	\$ 25,795,656	\$ 51,813,205	\$ -	\$ 77,608,861
Land	524,414	-	-	524,414
Total capital assets, not being depreciated	<u>26,320,070</u>	<u>51,813,205</u>	<u>-</u>	<u>78,133,275</u>
Capital assets, being depreciated:				
Buildings and improvements	65,068,241	-	-	65,068,241
Vehicles	2,135,986	1,120,420	-	3,256,406
Equipment	1,267,070	441,079	-	1,708,149
Total capital assets being depreciated	<u>68,471,297</u>	<u>1,561,499</u>	<u>-</u>	<u>70,032,796</u>
Total capital assets - Cost	<u>94,791,367</u>	<u>53,374,704</u>	<u>-</u>	<u>148,166,071</u>
Less: accumulated depreciation for:				
Buildings and improvements	(35,515,995)	(1,637,624)	-	(37,153,619)
Vehicles	(1,887,863)	(233,829)	-	(2,121,692)
Equipment	(1,086,204)	(119,453)	-	(1,205,657)
Total accumulated depreciation	<u>(38,490,062)</u>	<u>(1,990,906)</u>	<u>-</u>	<u>(40,480,968)</u>
Governmental activities capital assets, net	<u>\$ 56,301,305</u>	<u>\$ 51,383,798</u>	<u>\$ -</u>	<u>\$ 107,685,103</u>

East Grand School District No. 2
Notes to the Financial Statements
June 30, 2024
(Continued)

IV. Detailed Notes on All Funds (continued)

C. Capital Assets (continued)

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

	Capital Outlay	Depreciation Expense
Governmental activities:		
Direct instruction	\$ 52,943,634	\$ 1,481,302
Indirect instruction	291,504	93,520
Transportation	129,608	314,170
Custodial and maintenance	9,958	28,230
Support services	-	4,882
General administration	-	68,803
Total governmental activities	\$ 53,374,704	\$ 1,990,906

D. Interfund Receivables, Payables, and Transfers

There were no interfund balance as of June 30, 2024.

Transfers for fiscal year 2024 were as follows:

	Transfer In	Transfer (Out)	Reason
General Fund	\$ -	\$ (653,155)	Supplemental funding
Pupil Activity Fund	653,155	-	Funding for student activities
	\$ 653,155	\$ (653,155)	

Transfers provide supplemental funds on an as needed basis.

East Grand School District No. 2
Notes to the Financial Statements
June 30, 2024
(Continued)

IV. Detailed Notes on All Funds (continued)

E. Long-term Debt

1. General Obligation Bonds, Series 2007

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

2. General Obligation Refunding Bonds, Series 2012

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

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

3. General Obligation Refunding Bonds, Series 2014

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

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

East Grand School District No. 2
Notes to the Financial Statements
June 30, 2024
(Continued)

IV. Detailed Notes on All Funds (continued)

E. Long-term Debt (continued)

4. Certificates of Participation, Series 2020

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

5. General Obligation Refunding Note, Series 2021

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

6. General Obligation Bonds, Series 2022

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

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

7. Defeased Debt

At various dates in prior years, the District placed proceeds from refunding bond issues and District cash contributions in irrevocable refunding escrow accounts. These monies, which are invested in U.S. Treasury obligations, together with interest earned thereon, are considered sufficient for payment of all principal and interest on refunded bonds on each remaining payment date. The likelihood of the earnings and principal maturities of the U.S. Treasury obligations not being sufficient to pay the refunded bond issues appears remote. Accordingly, the escrow account and refunded bonds are not included in the District's financial statements. The District has not calculated the amount of defeased debt at June 30, 2024.

East Grand School District No. 2
Notes to the Financial Statements
June 30, 2024
(Continued)

IV. Detailed Notes on All Funds (continued)

E. Long-term Debt (continued)

8. Debt Requirements

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

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

9. Financed Purchase Agreements

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

<u>Fiscal Year Ended</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 132,823	\$ 21,063	\$ 153,886
2026	142,588	14,924	157,512
2027	151,733	8,334	160,067
2028	89,944	1,722	91,666
Totals	<u>\$ 517,088</u>	<u>\$ 46,043</u>	<u>\$ 563,131</u>

East Grand School District No. 2
Notes to the Financial Statements
June 30, 2024
(Continued)

IV. Detailed Notes on All Funds (continued)

E. Long-term Debt (continued)

10. Schedule of Future Debt Service Payments

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

<u>Fiscal Year Ending:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	2,440,000	3,979,638	6,419,638
2026	2,615,000	3,887,350	6,502,350
2027	2,720,000	3,780,650	6,500,650
2028	2,830,000	3,669,650	6,499,650
2029	2,885,000	3,540,925	6,425,925
2030-2034	16,735,000	15,333,375	32,068,375
2035-2039	21,100,000	10,945,525	32,045,525
2040-2044	31,485,000	6,862,500	38,347,500
2045-2047	12,250,000	494,800	12,744,800
Totals	<u>\$ 95,060,000</u>	<u>\$ 52,494,413</u>	<u>\$ 147,554,413</u>

11. Compensated Absences

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

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

12. Changes in Long-term Debt

The following is a summary of changes in long-term debt for the year ended June 30, 2024:

	<u>Balance July 1, 2023</u>	<u>Additions</u>	<u>(Reductions)</u>	<u>Balance June 30, 2024</u>	<u>Due in One Year</u>
Governmental Activities:					
General obligation bonds	\$ 10,940,000	\$ -	\$ (1,355,000)	\$ 9,585,000	\$ 1,420,000
2021 Refunding G.O. Bonds	2,030,000	-	(1,010,000)	1,020,000	1,020,000
Premium on general obligation bonds	16,901,099	-	(1,248,805)	15,652,294	-
2022 G.O. Bonds	84,455,000	-	-	84,455,000	-
Financed obligations	639,631	-	(122,543)	517,088	132,823
Net Pension Liability	28,351,406	4,418,810	-	32,770,216	-
Net OPEB Liability	966,292	-	(175,024)	791,268	-
Compensated absences	491,370	81,182	-	572,552	-
Total	<u>\$ 144,774,798</u>	<u>\$ 4,499,992</u>	<u>\$ (3,911,372)</u>	<u>\$ 145,363,418</u>	<u>\$ 2,572,823</u>

East Grand School District No. 2
Notes to the Financial Statements
June 30, 2024
(Continued)

IV. Detailed Notes on All Funds (continued)

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

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

Benefits provided as of December 31, 2023: PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. § 24-51-602, 604, 1713, and 1714.

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

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

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

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

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

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

East Grand School District No. 2
Notes to the Financial Statements
June 30, 2024
(Continued)

IV. Detailed Notes on All Funds (continued)

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

Benefits provided as of December 31, 2024 (continued). Upon meeting certain criteria, benefit recipients who elect to receive a lifetime retirement benefit generally receive post-retirement cost-of-living adjustments, referred to as annual increases in the C.R.S. Subject to the automatic adjustment provision ("AAP") under C.R.S. § 24-51-413, eligible benefit recipients under the PERA benefit structure who began membership before January 1, 2007, and all eligible benefit recipients of the DPS benefit structure will receive the maximum annual increase ("AI") or AI cap of 1.00% unless adjusted by the AAP. Eligible benefit recipients under the PERA benefit structure who began membership on or after January 1, 2007, will receive the lesser of an annual increase of the 1.00% AI cap or the average increase of the Consumer Price Index for Urban Wage Earners and Clerical Workers for the prior calendar year, not to exceed a determined increase that would exhaust 10% of PERA's Annual Increase Reserve ("AIR") for the SCHDTF. The AAP may raise or lower the aforementioned AI cap by up to 0.25% based on the parameters specified in C.R.S. § 24-51-413.

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

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

Contribution provisions as of June 30, 2024: Eligible employees, the District, and the State are required to contribute to the SCHDTF at a rate set by Colorado statute. The contribution requirements for the SCHDTF are established under C.R.S. § 24-51-401, et seq. and § 24-51-413. Eligible employees are required to contribute 11.00 percent of their PERA-includable salary during the period of July 1, 2023 through June 30, 2024. Employer contribution requirements are summarized in the table below:

	July 1, 2023 through June 30, 2024
Employer contribution rate	11.40%
Amount of the Employer Contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-2018(1)(f)	(1.02)%
Amount apportioned to the Trust Fund	10.38%
Amortization equalization disbursement ("AED") as specified in C.R.S. § 24-51-411	4.50%
Supplemental amortization equalization disbursement ("SAED") as specified in C.R.S. § 24-51-411	5.50%
Total employer contribution rate to Trust Fund	20.38%

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

East Grand School District No. 2
Notes to the Financial Statements
June 30, 2024
(Continued)

IV. Detailed Notes on All Funds (continued)

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

Contribution provisions as of June 30, 2024 (continued). Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from the District were \$1,152,805 for the year ended June 30, 2024.

For purposes of GASB 68 paragraph 15, a circumstance exists in which a nonemployer contributing entity is legally responsible for making contributions to the SCHDTF and is considered to meet the definition of a special funding situation. As specified in C.R.S. § 24-51-414, the State is required to contribute a \$225 million direct distribution each year to PERA starting on July 1, 2018. A portion of the direct distribution payment is allocated to the SCHDTF based on the proportionate amount of annual payroll of the SCHDTF to the total annual payroll of the SCHDTF, State Division Trust Fund, Judicial Division Trust Fund, and Denver Public Schools Division Trust Fund. The direct distribution from the State was suspended in 2020. To compensate PERA for the suspension, C.R.S. §§ 24-51-414(6-8) required restorative payment by providing an accelerated payment in 2022. In 2022, the State Treasurer issued payment for the direct distribution of \$225 million plus an additional amount of \$380 million. Due to the advanced payment made in 2022, the State reduced the distribution in 2023 to \$35 million. Additionally, the newly added C.R.S. § 24-51-414(9) providing compensatory payment of \$14.561 million for 2023 only.

The net pension liability for the SCHDTF was measured as of December 31, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2024. Standard update procedures were used to roll-forward the total pension liability to December 31, 2024. The District's proportion of the net pension liability was based on the District's contributions to the SCHDTF for the calendar year 2024 relative to the total contributions of participating employers and the State as a nonemployer contributing entity.

At June 30, 2024, the District reported a liability of \$32,770,216 for its proportionate share of the net pension liability that reflected a reduction for support from the State as a nonemployer contributing entity. The amount recognized by the District as its proportionate share of the net pension liability, the related support from the State as a nonemployer contributing entity, and the total portion of the net pension liability that was associated with the District were as follows:

The District's proportionate share of the net Pension liability	\$	32,770,216
The State's proportionate share of the net pension liability as a non-employer contributing entity associated with the District		703,136
Total	\$	<u>33,473,352</u>

At December 31, 2024, the District proportion was 0.1853%, as compared to its proportion of 0.1557% measured as of December 31, 2024.

East Grand School District No. 2
Notes to the Financial Statements
June 30, 2024
(Continued)

IV. Detailed Notes on All Funds (continued)

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

Pension Expense: For the year ended June 30, 2024, the District recognized pension credit of \$461,553 and revenue (expense) of \$35,538 for support from the State as a nonemployer contributing entity.

Deferred Outflows of Resources and Deferred Inflows of Resources: At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expenses and actual experience	\$ 1,553,929	\$ -
Net difference between projected and actual earnings on pension plan investments	2,349,114	-
Changes in proportionate share of contributions	3,164,392	1,349,304
Contributions subsequent to measurement date	1,317,219	-
	\$ 8,384,654	\$ 1,349,304

\$1,268,031 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, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

June 30:	Amortization
2025	\$ 1,019,185
2026	2,711,733
2027	2,642,212
2028	(654,999)
	\$ 5,718,131

East Grand School District No. 2
Notes to the Financial Statements
June 30, 2024
(Continued)

IV. Detailed Notes on All Funds (continued)

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

Actuarial assumptions. The total pension liability in the December 31, 2022 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

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

¹ Post-retirement benefit increases are provided by the AIR, accounted separately with 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 on 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.

East Grand School District No. 2
Notes to the Financial Statements
June 30, 2024
(Continued)

IV. Detailed Notes on All Funds (continued)

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

Actuarial Assumptions (continued)

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

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

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:

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

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

East Grand School District No. 2
Notes to the Financial Statements
June 30, 2024
(Continued)

IV. Detailed Notes on All Funds (continued)

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

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

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00%.
- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the scheduled increases in SB 18-200 and required adjustments resulting from the 2018 and 2020 AAP assessments. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the scheduled increase in SB 18-200 and required adjustments resulting from the 2018 and 2020 AAP assessments. Employer contributions also include current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103%, at which point the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions reflect reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- As specified in law, the State, as a nonemployer contributing entity, will provide an annual direct distribution of \$225 million (actual dollars), commencing July 1, 2018, that is proportioned between the State, School, Judicial, and DPS Division Trust Funds based upon the covered payroll of each Division. The annual direct distribution ceases when all Division Trust Funds are fully funded.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.

East Grand School District No. 2
Notes to the Financial Statements
June 30, 2024
(Continued)

IV. Detailed Notes on All Funds (continued)

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

Discount rate (continued)

- 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.
- Beginning with the December 31, 2023, measurement date and thereafter, the FNP as of the current measurement date is used as a starting point for the GASB 67 projection test.

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

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate. The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.25%, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25%) or 1-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 net pension liability	\$ 43,819,231	\$ 32,770,216	\$ 23,556,676

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

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

Plan description. Eligible employees of the District are provided with OPEB through the HCTF—a cost-sharing multiple-employer defined benefit OPEB plan administered by PERA. The HCTF is established under Title 24, Article 51, Part 12 of the Colorado Revised Statutes (C.R.S.), as amended, 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 ACFR that can be obtained at www.copera.org/investments/pera-financial-reports.

East Grand School District No. 2
Notes to the Financial Statements
June 30, 2024
(Continued)

IV. Detailed Notes on All Funds (continued)

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

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

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

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

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

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

East Grand School District No. 2
Notes to the Financial Statements
June 30, 2024
(Continued)

IV. Detailed Notes on All Funds (continued)

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

Benefits provided (continued):

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

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

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

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions. For the year ended June 30, 2024, the District's contributions to HCTF were approximately \$75,735.

Liabilities: At June 30, 2024, the District reported a liability for OPEB of \$491,318 for its proportionate share of net OPEB. The net OPEB liability was measured as of December 31, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2023. Standard update procedures were used to roll forward the total OPEB liability to December 31, 2023. The District proportion of the net OPEB liability was based on District contributions to the HCTF for the calendar year 2023 relative to the total contributions of participating employers to the HCTF.

At December 31, 2023, the District proportion was 0.0586%, as compared to its proportion of 0.0602% measured as of December 31, 2022.

East Grand School District No. 2
Notes to the Financial Statements
June 30, 2024
(Continued)

IV. Detailed Notes on All Funds (continued)

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

Expense and Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2024, the District recognized OPEB credit of \$93,019. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expenses and actual experience	\$ -	\$ 162,17
Changes of assumptions or other inputs	9,305	83,90
Net difference between projected and actual earnings on OPEB plan investments	24,472	
Changes in proportionate share of contributions	110,920	65,90
Contributions subsequent to measurement date	65,926	
	\$ 210,623	\$ 311,90

\$63,464 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date of June 30, 2024 will be recognized as a reduction of the net OPEB benefits liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

June 30,	Amortization
2025	\$ (72,280)
2026	(33,773)
2027	(8,461)
2028	(26,587)
2029	(17,868)
Thereafter	(8,331)
	\$ (167,300)

East Grand School District No. 2
Notes to the Financial Statements
June 30, 2024
(Continued)

IV. Detailed Notes on All Funds (continued)

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

Actuarial assumptions. The total OPEB liability in the December 31, 2023 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 Safety Officers	3.30%-10.90%	3.40%-11.00%	3.20%-11.30%	2.80%-5.30%
Safety Officers	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 ¹			7.00% in 2023, gradually decreasing to 4.50% in 2033	
Medicare Part A premiums			3.50% in 2023, gradually increasing to 4.50% in 2035	
DPS benefit structure:				
Service-based premium subsidy			0.00%	
PERACare Medicare plans			N/A	
Medicare Part A premiums			N/A	

¹ UnitedHealthcare MAPD PPO plans are 0% for 2023.

East Grand School District No. 2
Notes to the Financial Statements
June 30, 2024
(Continued)

IV. Detailed Notes on All Funds (continued)

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

Actuarial assumptions (continued)

Actuarial assumptions continued. Each year the per capita health care costs are developed by plan option; currently based on 2023 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.

Age-Related Morbidity Assumptions

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

Sample Age	MAPD PPO #1 with Medicare Part A Retiree/Spouse		MAPD PPO #2 with Medicare Part A Retiree/Spouse		MAPD HMO (Kaiser) with Medicare Part A Retiree/Spouse	
	Male	Female	Male	Female	Male	Female
65	\$ 1,692	\$ 1,406	\$ 579	\$ 481	\$ 1,913	\$ 1,513
70	1,901	1,573	650	538	2,149	1,713
75	2,100	1,653	718	566	2,374	1,813

Sample Age	MAPD PPO #1 without Medicare Part A Retiree/Spouse		MAPD PPO #2 without Medicare Part A Retiree/Spouse		MAPD HMO (Kaiser) without Medicare Part A Retiree/Spouse	
	Male	Female	Male	Female	Male	Female
65	\$ 6,469	\$ 5,373	\$ 4,198	\$ 3,487	\$ 6,719	\$ 5,513
70	7,266	6,011	4,715	3,900	7,546	6,213
75	8,026	6,319	5,208	4,101	8,336	6,513

The 2023 Medicare Part A premium is \$506 per month. All costs are subject to the health care cost trend rates, as discussed below. Health care cost trend rates reflect the change in per capita health costs over time due to factors such as medical inflation, utilization, plan design, and technology improvements. For the PERA benefit structure, health care cost trend rates are needed to project the future costs associated with providing benefits to those PERACare enrollees not eligible for premium-free Medicare Part A.

East Grand School District No. 2
Notes to the Financial Statements
June 30, 2024
(Continued)

IV. Detailed Notes on All Funds (continued)

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

Actuarial Assumptions (continued)

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

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

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

Mortality assumptions used in the December 31, 2022 valuation for the determination of the total pension liability for each of the Division Trust Funds as shown below were applied, as applicable, in the determination of the total OPEB liability for the HCTF. 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.

East Grand School District No. 2
Notes to the Financial Statements
June 30, 2024
(Continued)

IV. Detailed Notes on All Funds (continued)

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

Actuarial assumptions (continued)

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

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

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

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

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

Post-retirement non-disabled mortality assumptions for the School were based upon the PubT-2010 Health 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.

East Grand School District No. 2
Notes to the Financial Statements
June 30, 2024
(Continued)

IV. Detailed Notes on All Funds (continued)

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

Actuarial assumptions (continued)

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

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

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

The actuarial assumptions used in the December 31, 2022, 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.

East Grand School District No. 2
Notes to the Financial Statements
June 30, 2024
(Continued)

IV. Detailed Notes on All Funds (continued)

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

Actuarial Assumptions (continued):

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%	

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

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

	1% Decrease	Current Trend Rates	1% Increase
Initial PERACare Medicare trend rate ¹	5.75%	6.75%	7.75'
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50'
Initial Medicare Part A trend rate	2.50%	3.50%	4.50'
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50'
Proportionate Share of Net OPEB Liability	\$ 768,558	\$ 791,268	\$ 815,97.

¹ For the January 1, 2022, plan year.

Discount rate: The discount rate used to measure the total OPEB liability 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, 2023, measurement date.

East Grand School District No. 2
Notes to the Financial Statements
June 30, 2024
(Continued)

IV. Detailed Notes on All Funds (continued)

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

Discount rate (continued):

- 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.
- Beginning with the December 31, 2023, measurement date and thereafter, the FNP as of the current measurement date is used as a starting point for the GASB 74 projection test.
- As of the December 31, 2023, measurement date, the FNP and related disclosure components for the HCTF reflect payments related to the disaffiliation of Tri-County Health Department as a PERA-affiliated employer, effective December 31, 2022. As of the December 31, 2023, year-end, PERA recognized two additions for accounting and financial reporting purposes: a \$24 million payment received on December 4, 2023, and a \$2 million receivable. The employer disaffiliation payment and receivable allocations to the HCTF and Local Government Division Trust Fund were \$1.033 million and \$24.967 million, respectively.

Based on the above assumptions and methods, the 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.

East Grand School District No. 2
Notes to the Financial Statements
June 30, 2024
(Continued)

IV. Detailed Notes on All Funds (continued)

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

Sensitivity of the District's proportionate share of the net OPEB liability to changes in the discount rate: The following presents the proportionate share of the net OPEB liability calculated using the discount rate of 7.25%, 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 net pension liability	\$ 934,587	\$ 791,268	\$ 66,866

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

H. Fund Balances

The District classifies governmental fund balances as follows:

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

Spendable Fund Balances:

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

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

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

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

The Designated-Purpose Grant Fund has a negative unassigned fund balance of \$3,070 at June 30, 2024 due to the restriction of fund balance for prepaid items, categorized as non-spendable fund balance.

East Grand School District No. 2
Notes to the Financial Statements
June 30, 2024
(Continued)

IV. Detailed Notes on All Funds (continued)

H. Fund Balances (continued)

The District's policy is for restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the District would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made. The District governmental funds had the following equity designations at June 30, 2024:

	Balance	Reason
Non-spendable:		
General Fund	\$ 24,730	Prepaid items
Food Service Fund	7,240	Inventory
Capital Reserve	38,249	Prepaid items
Restricted:		
General Fund	768,000	TABOR
Debt Service Fund	5,269,599	Debt service
Committed:		
General Fund	161,167	Technology projects
Food Service Fund	137,234	Food services
Pupil Activity Fund	14,602	Student activities
Transportation	521,007	Transportation services
Building	24,625,891	Building improve
Capital Reserve	1,005,096	Capital projects
Program Reserve	1,849,736	Program reserve
Assigned:		
General Fund	62,813	Technology equipment
	\$ 34,485,364	

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

V. Other Information

A. Defined Contribution Pension Plan

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

East Grand School District No. 2
Notes to the Financial Statements
June 30, 2024
(Continued)

V. Other Information (continued)

A. Defined Contribution Pension Plan (continued)

Funding Policy. The Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. Employees are immediately vested in their own contributions, employer contributions and investment earnings. For the year ended June 30, 2024 members contributed \$202,461. The District does not match employee voluntary contributions but contributes for the benefit of employees that do not utilize the District's health insurance benefits and recognized pension expense and a liability of \$106,490 and \$17,296, respectively, for the Voluntary Investment Program.

B. Contingencies

1. General Legal Matters

During the normal course of business, the District incurs claims and other assertions against it from various agencies and individuals. Management of the District feels none of these claims or assertions are significant enough that they would materially affect the fairness of the presentation of the financial statements at June 30, 2024.

2. Federal Programs

Funds received from Federal grants are subject to audit and disallowance on ineligible cost. Management of the District feels any potential questioned or disallowed costs or liability arising from the Federal program audits would not materially affect the fairness of the presentation of the financial statements at June 30, 2024.

3. State Programs

The District receives payment for State equalization, State transportation and various other State revenues to fund programs. These grants and programs are subject to audit and may result in the District either refunding amounts due for overpayment or receiving additional revenue for underpayment by the State. Management does not feel that any potential adjustments would be material and that they would affect the fairness of presentation of the financial statements at June 30, 2024.

C. Jointly Governed Organization - BOCES

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

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

East Grand School District No. 2
Notes to the Financial Statements
June 30, 2024
(Continued)

V. Other Information (continued)

C. Jointly Governed Organization – BOCES (continued)

The BOCES has issued its own audited financial statements for the year ended June 30, 2024, the latest available data.

The following summary information is presented:

Assets and Deferred Outflows	\$ 2,876,552
Liabilities and Deferred inflows	<u>(5,507,561)</u>
Net Position (Deficit)	<u>\$ (2,631,009)</u>
Expenses	\$ (3,857,581)
Program Revenues	4,368,181
General Revenues	<u>31,879</u>
Change in Net Position	<u>542,479</u>
Net Position-Beginning	<u>(3,173,488)</u>
Net Position-Ending	<u>\$ (2,631,009)</u>

For the year ended June 30, 2024, the District made operating contributions of \$67,540.

D. Mill Levy Override Approval

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

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

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

E. Colorado Department of Education Financing

The Colorado Department of Education allows school districts to borrow funds up to the next year’s estimated property tax collections for the specific district. The District did not utilize this financing in 2024.

East Grand School District No. 2
Notes to the Financial Statements
June 30, 2024
(Continued)

V. Other Information (continued)

F. Risk Management

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

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

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

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

East Grand School District No. 2

Required Supplementary Information



East Grand School District No. 2
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (Non-GAAP) and Actual with Reconciliation to GAAP Basis
General Fund
For the Year Ended June 30, 2024
(With Comparative Actual Amounts for 2023)

	2024			Variance with Final Budget- Positive (Negative)	2023
	Budgeted Amounts		Actual Amounts		Actual Amounts
	Original	Final			
REVENUES					
Taxes:					
Property taxes	16,089,309	16,089,309	16,803,562	714,253	13,802,172
Specific ownership taxes	1,369,963	1,369,963	1,306,256	(63,707)	1,274,847
Intergovernmental - State revenue	280,631	280,631	709,142	428,511	1,372,161
Intergovernmental - Federal revenue	1,263,500	1,263,500	1,355,017	91,517	1,294,495
Interest income	185,000	185,000	225,325	40,325	274,936
Other	157,357	157,357	451,720	294,363	198,126
	<u>19,345,760</u>	<u>19,345,760</u>	<u>20,851,022</u>	<u>1,505,262</u>	<u>18,216,737</u>
EXPENDITURES					
Direct instruction	11,361,088	11,361,088	11,059,506	301,582	10,794,371
Indirect instruction	1,885,369	1,885,369	1,981,995	(96,626)	1,856,820
Transportation	434,233	434,233	775,195	(340,962)	555,604
Custodial and maintenance	2,506,054	2,506,054	2,266,489	239,565	2,076,404
Support services	560,028	560,028	521,013	39,015	493,307
General administration	2,213,111	2,213,111	2,127,318	85,793	2,198,387
Capital outlay	94,595	94,595	303,662	(209,067)	65,278
	<u>19,054,478</u>	<u>19,054,478</u>	<u>19,035,178</u>	<u>19,300</u>	<u>18,040,171</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	291,282	291,282	1,815,844	1,524,562	176,566
OTHER FINANCING SOURCES (USES)					
Transfers in (out)	(424,298)	(424,298)	(653,155)	(228,857)	(1,018,333)
	<u>(424,298)</u>	<u>(424,298)</u>	<u>(653,155)</u>	<u>(228,857)</u>	<u>(1,018,333)</u>
NET CHANGE IN FUND BALANCES - BUDGET BASIS	(133,016)	(133,016)	1,162,689	1,295,705	(841,767)
FUNDS BALANCES, BEGINNING - BUDGET BASIS	4,766,504	4,766,504	4,656,753	(109,751)	5,498,520
FUND BALANCES, ENDING - BUDGET BASIS	<u>4,633,488</u>	<u>4,633,488</u>	5,819,442	<u>1,185,954</u>	4,656,753
RECONCILIATION TO GAAP BASIS:					
Adjustments:					
Pension expense - Special funding			54,747		704,525
Pension direct distribution - Special funding			(54,747)		(704,525)
FUND BALANCES, ENDING - GAAP BASIS			<u>5,819,442</u>		<u>4,656,753</u>

East Grand School District No. 2
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (GAAP Basis)
Food Service Fund
For the Year Ended June 30, 2024
(With Comparative Actual Amounts for 2023)

	2024			Variance with Final Budget- Positive (Negative)	2023
	Budgeted Amounts		Actual Amounts		Actual Amounts
	Original	Final			
REVENUES					
Food and ala carte sales	295,000	295,000	33,256	(261,744)	359,409
Federal revenue:					
Federal government meal reimbursement	135,000	135,000	275,263	140,263	202,226
USDA commodity contribution	15,000	15,000	41,092	26,092	40,699
State reimbursement	7,300	7,300	368,813	361,513	9,217
Total revenues	452,300	452,300	718,424	266,124	611,551
EXPENDITURES					
Salaries and employee benefits	437,893	437,893	342,079	95,814	356,792
Supplies	15,000	15,000	10,485	4,515	11,374
Food costs:					
Purchased food	245,000	245,000	319,907	(74,907)	216,215
Donated commodities	21,525	21,525	41,281	(19,756)	40,699
Other	-	-	32,498	(32,498)	23,500
Total expenses	719,418	719,418	771,670	(52,252)	648,580
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(267,118)	(267,118)	(53,246)	213,872	(37,029)
OTHER FINANCING SOURCES (USES)					
Transfers in (out)	130,000	130,000	-	(130,000)	-
Total other financing sources (uses)	130,000	130,000	-	(130,000)	-
CHANGE IN NET POSITION	(137,118)	(137,118)	(53,246)	83,872	(37,029)
FUND BALANCE, BEGINNING	137,146	137,146	197,720	60,574	234,749
FUND BALANCE, ENDING	28	28	144,474	144,446	197,720

East Grand School District No. 2
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (GAAP Basis)
Designated Purpose Grants Fund
For the Year Ended June 30, 2024
(With Comparative Actual Amounts for 2023)

	2024			Variance with Final Budget- Positive (Negative)	2023
	Budgeted Amounts		Actual Amounts		Actual Amounts
	Original	Final			
REVENUES					
Intergovernmental revenue:					
Federal revenue	521,770	521,770	1,567,722	1,045,952	763,414
State revenue	374,196	374,196	627,170	252,974	503,526
Local revenue	105,403	105,403	212,915	107,512	117,732
Total revenues	<u>1,001,369</u>	<u>1,001,369</u>	<u>2,407,807</u>	<u>1,406,438</u>	<u>1,384,672</u>
EXPENDITURES					
Direct instruction	165,296	165,296	515,000	(349,704)	218,799
Indirect instruction	836,073	836,073	1,013,644	(177,571)	1,165,873
Transportation	-	-	790,000	(790,000)	-
Custodial and maintenance	-	-	89,163	(89,163)	-
Total expenditures	<u>1,001,369</u>	<u>1,001,369</u>	<u>2,407,807</u>	<u>(1,406,438)</u>	<u>1,384,672</u>
NET CHANGE IN FUND BALANCES	-	-	-	-	-
FUND BALANCES, BEGINNING	-	-	-	-	-
FUND BALANCES, ENDING	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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

For the measurement date of December 31,	2023	2022	2021	2020	2019
District's proportion of the net pension liability	0.1853%	0.1557%	0.1750%	0.1865%	0.1592%
District's proportionate share of the net pension liability	32,770,216	28,351,406	20,368,221	28,187,609	23,778,480
State proportionate share of the net pension liability as a nonemployer contributing entity associated with the District	703,136	6,397,569	2,094,813	-	2,676,516
Total proportionate share of the net pension liability associated with the District	33,473,352	34,748,975	22,463,034	28,187,609	26,454,996
District's covered payroll	12,251,060	12,009,604	10,938,469	9,971,635	9,353,125
District's proportionate share of the net pension liability as a percentage of its covered payroll	267%	236%	186%	283%	254%
Plan fiduciary net position as a percentage of the total pension liability	64.74%	61.79%	74.86%	66.99%	64.52%
For the measurement date of December 31,	2018	2017	2016	2015	2014
District's proportion of the net pension liability	0.1552%	0.1720%	0.1738%	0.1738%	0.1768%
District's proportionate share of the net pension liability	27,475,647	55,613,857	51,759,537	26,574,063	23,967,042
State proportionate share of the net pension liability as a nonemployer contributing entity associated with the District	3,305,000	-	-	-	-
Total proportionate share of the net pension liability associated with the District	30,780,647	55,613,857	51,759,537	26,574,063	23,967,042
District's covered payroll	8,530,403	7,935,365	7,802,346	7,572,051	7,408,101
District's proportionate share of the net pension liability as a percentage of its covered payroll	322%	701%	630%	351%	324%
Plan fiduciary net position as a percentage of the total pension liability	57.01%	43.10%	43.10%	59.20%	62.84%

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

Fiscal year-ended June 30,	2024	2023	2022	2021	2020
Contractually required contribution	2,565,603	2,496,540	2,290,935	2,062,839	1,876,030
Contributions in relation to the contractually required contribution	<u>(2,565,603)</u>	<u>(2,496,540)</u>	<u>(2,290,935)</u>	<u>(2,062,839)</u>	<u>(1,876,030)</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
District's covered payroll	12,588,825	12,248,035	11,523,816	10,376,459	9,680,232
Contributions as a percentage of covered payroll	20.38%	20.38%	19.88%	19.88%	19.38%
Fiscal year-ended June 30,	2019	2018	2017	2016	2015
Contractually required contribution	1,708,617	1,543,643	1,442,399	1,356,920	1,276,492
Contributions in relation to the contractually required contribution	<u>(1,708,617)</u>	<u>(1,543,643)</u>	<u>(1,442,399)</u>	<u>(1,356,920)</u>	<u>(1,276,492)</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
District's covered payroll	8,931,602	8,171,541	7,831,633	7,646,095	7,555,234
Contributions as a percentage of covered payroll	19.13%	18.89%	18.42%	17.75%	16.90%

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

For the measurement date of December 31,	2023	2022	2021	2020	2019
District's proportion of the net OPEB liability	0.1109%	0.1109%	0.1183%	0.1143%	0.1078%
District's proportionate share of the net OPEB liability	791,268	966,292	985,422	1,024,638	1,169,193
District's covered payroll	12,251,060	12,009,604	10,938,469	9,971,635	9,353,125
District's proportionate share of the net pension liability as a percentage of its covered payroll	6%	8%	9%	10%	13%
Plan fiduciary net position as a percentage of the total pension liability	46.16%	38.57%	39.40%	32.78%	24.49%
For the measurement date of December 31,	2018	2017	2016		
District's proportion of the net OPEB liability	0.1040%	0.1009%	0.0977%		
District's proportionate share of the net OPEB liability	1,372,241	1,270,289	1,281,156		
District's covered payroll	8,530,403	7,935,365	7,802,346		
District's proportionate share of the net pension liability as a percentage of its covered payroll	16%	15%	16%		
Plan fiduciary net position as a percentage of the total pension liability	17.03%	17.53%	16.72%		

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

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

Fiscal year-ended June 30,	2024	2023	2022	2021	2020
Contractually required contribution	128,407	124,930	117,543	105,840	98,738
Contributions in relation to the contractually required contribution	<u>(128,407)</u>	<u>(124,930)</u>	<u>(117,543)</u>	<u>(105,840)</u>	<u>(98,738)</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
District's covered payroll	12,588,825	12,248,035	11,523,816	10,376,459	9,680,232
Contributions as a percentage of covered payroll	1.02%	1.02%	1.02%	1.02%	1.02%
Fiscal year-ended June 30,	2019	2018	2017		
Contractually required contribution	91,102	83,350	78,316		
Contributions in relation to the contractually required contribution	<u>(91,102)</u>	<u>(83,350)</u>	<u>(78,316)</u>		
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>		
District's covered payroll	8,931,602	8,171,541	7,831,633		
Contributions as a percentage of covered payroll	1.02%	1.02%	1.00%		

* Information is only available beginning in fiscal year 2017.

East Grand School District No. 2
Notes to Required Supplementary Information
June 30, 2024

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

A. Changes to assumptions or other inputs

1. Changes since the December 31, 2021 actuarial valuation:

- There were no changes made to the actuarial methods or assumptions.

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

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

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

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

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

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

East Grand School District No. 2
Notes to Required Supplementary Information
June 30, 2024
(Continued)

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

A. Changes to assumptions or other inputs (continued)

5. Changes since the December 31, 2017 actuarial valuation:

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

6. Changes since the December 31, 2016 actuarial valuation:

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

7. Changes since the December 31, 2015 actuarial valuation:

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

8. Changes since the December 31, 2014 actuarial valuation

- Valuation of the full survivor benefit without any reduction for possible remarriage.
- Reflection of the employer match on separation benefits for all eligible years.
- Reflection of one year of service eligibility for survivor annuity benefit

East Grand School District No. 2
Notes to Required Supplementary Information
June 30, 2024
(Continued)

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

A. Changes to assumptions or other inputs (continued)

8. Changes since the December 31, 2014 actuarial valuation (continued)

- Refinement of the 18-month annual increase timing.
- Refinements to directly value certain and life, modified cash refund and pop-up benefit forms.
- Recognition of merit salary increases in the first projection year.
- Elimination of the assumption that 35% of future disabled members elect to receive a refund.
- Removal of the negative value adjustment for liabilities associated with refunds of future terminating members.
- Adjustments to the timing of the normal cost and unfunded actuarial accrued liability payment calculations to reflect contributions throughout the year.

B. Changes of benefit terms

No changes during the years presented.

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

No changes during the years presented.

II. Notes to the Schedule of District Pension Contributions

A. Changes to assumptions or other inputs

No changes during the years presented.

B. Changes of benefit terms

No changes during the years presented.

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

No changes during the years presented.

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

A. Changes to assumptions or other inputs

No changes during the years presented.

B. Changes of benefit term

No changes during the years presented.

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

No changes during the years presented.

East Grand School District No. 2
Notes to the Required Supplementary Information
June 30, 2024
(continued)

IV. Notes to the Schedule of School OPEB Contributions

A. Changes to assumptions or other inputs

1. Changes since the December 31, 2021 actuarial valuation:

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

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

- There were no change made to the actuarial methods or assumptions.

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

- Changes since the December 31, 2019 to the HCTF actuarial valuation are the same as the changes to the SCHDTF noted in Note I.A.3 above.

B. Changes of benefit terms

No changes during the years presented.

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

No changes during the years presented.

East Grand School District No. 2

Supplementary Information



East Grand School District No. 2
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (GAAP Basis)
Debt Service Fund
Bond Redemption Fund
For the Year Ended June 30, 2024
(With Comparative Actual Amounts for 2023)

	2024			Variance with Final Budget- Positive (Negative)	2023
	Budgeted Amounts		Actual Amounts		Actual Amounts
	Original	Final			
REVENUES					
Property taxes	6,425,945	6,425,945	6,444,454	18,509	6,490,422
Other revenue	2,000	2,000	6,973	4,973	7,847
Total revenues	<u>6,427,945</u>	<u>6,427,945</u>	<u>6,663,073</u>	<u>235,128</u>	<u>6,498,269</u>
EXPENDITURES					
Debt service:					
Principal	2,365,000	2,365,000	2,365,000	-	2,830,000
Interest	4,057,945	4,057,945	4,057,945	-	4,146,517
Fiscal charges	5,000	5,000	10,603	(5,603)	8,170
Total expenditures	<u>6,427,945</u>	<u>6,427,945</u>	<u>6,433,548</u>	<u>(5,603)</u>	<u>6,984,687</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	-	229,525	229,525	(486,418)
OTHER FINANCING SOURCES (USES)					
Proceeds from refunding bonds	-	-	-	-	-
Deposit with escrow agent	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	-	-	229,525	229,525	(486,418)
FUND BALANCES, BEGINNING	<u>5,564,283</u>	<u>5,564,283</u>	<u>5,040,074</u>	<u>(524,209)</u>	<u>5,526,492</u>
FUND BALANCES, ENDING	<u><u>5,564,283</u></u>	<u><u>5,564,283</u></u>	<u><u>5,269,599</u></u>	<u><u>(294,684)</u></u>	<u><u>5,040,074</u></u>

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

East Grand School District No. 2
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (GAAP Basis)
Capital Projects Fund
Building Fund
For the Year Ended June 30, 2024
(With Comparative Actual Amounts for 2023)

	2024			Variance with Final Budget- Positive (Negative)	2023
	Budgeted Amounts		Actual Amounts		Actual Amounts
	Original	Final			
REVENUES					
State revenue	-	-	1,028,298	1,028,298	772,990
Local revenue:					
Investment income (loss)	250,000	250,000	2,881,123	2,631,123	2,463,946
Total revenues	250,000	250,000	3,909,421	3,659,421	3,236,936
EXPENDITURES					
Facilities acquisition and construction services	44,570,013	44,570,013	52,900,715	(8,330,702)	22,742,547
Debt service:					
Interest and fiscal charges	45,000	45,000	26,487	18,513	68,102
Total expenditures	44,615,013	44,615,013	52,927,202	(8,312,189)	22,810,649
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(44,365,013)	(44,365,013)	(49,017,781)	(4,652,768)	(19,573,713)
OTHER FINANCING SOURCES (USES)					
Deposit with escrow agent	-	-	-	-	-
Issuance of debt	-	-	-	-	-
Premium on issuance	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
NET CHANGE IN FUND BALANCES	(44,365,013)	(44,365,013)	(49,017,781)	(4,652,768)	(19,573,713)
FUND BALANCES, BEGINNING	55,275,546	55,275,546	73,643,672	18,368,126	93,217,385
FUND BALANCES, ENDING	10,910,533	10,910,533	24,625,891	13,715,358	73,643,672

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

East Grand School District No. 2
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (GAAP Basis)
Capital Projects Fund
Capital Reserve Fund
For the Year Ended June 30, 2024
(With Comparative Actual Amounts for 2023)

	2024			Variance with Final Budget- Positive (Negative)	2023
	Budgeted Amounts		Actual Amounts		Actual Amounts
	Original	Final			
REVENUES					
Other local revenue	-	-	280,496	280,496	182,694
Total revenues	-	-	280,496	280,496	182,694
EXPENDITURES					
Facilities improvements and repairs	115,000	115,000	343,618	(228,618)	118,813
Debt service:					
Principal	152,543	152,543	122,543	30,000	112,548
Interest and fiscal charges	26,755	26,755	26,755	-	31,986
Total expenditures	294,298	294,298	492,916	(198,618)	263,347
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(294,298)	(294,298)	(212,420)	81,878	(80,653)
OTHER FINANCING SOURCES (USES)					
Transfers in (out)	294,298	294,298	-	(294,298)	485,987
Total other financing sources (uses)	294,298	294,298	-	(294,298)	485,987
NET CHANGE IN FUND BALANCES	-	-	(212,420)	(212,420)	405,334
FUND BALANCES, BEGINNING	855,898	855,898	1,255,766	399,868	850,432
FUND BALANCES, ENDING	855,898	855,898	1,043,346	187,448	1,255,766

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

**East Grand School District No. 2
Combining Balance Sheet
Non-major Governmental Funds
For the Year Ended June 30, 2024**

	<u>Special Revenue</u>			Total Non-major Governmental Funds
	Pupil Activity Fund	Transportation Fund	Program Reserve Fund	
ASSETS				
Cash and cash equivalents-Unrestricted	40,046	-	2,533,377	2,573,423
Investments-Unrestricted	-	561,435	-	561,435
Accounts, taxes, and interest receivable	-	2,721	-	2,721
Total assets	<u>40,046</u>	<u>564,156</u>	<u>2,533,377</u>	<u>3,137,579</u>
LIABILITIES				
Accounts payable	5,221	1,039	683,641	689,901
Accrued compensation	20,223	42,111	-	62,334
Total liabilities	<u>25,444</u>	<u>43,150</u>	<u>683,641</u>	<u>752,235</u>
FUND BALANCES				
Spendable:				
Committed	14,602	521,006	1,849,736	2,385,344
Total fund balances	<u>14,602</u>	<u>521,006</u>	<u>1,849,736</u>	<u>2,385,344</u>
Total liabilities and fund balances	<u>40,046</u>	<u>564,156</u>	<u>2,533,377</u>	<u>3,137,579</u>

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

East Grand School District No. 2
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
Non-major Governmental Funds
For the Year Ended June 30, 2024

	<u>Special Revenue</u>			Total Non-major Governmental Funds
	Pupil Activity Fund	Transportation Fund	Program Reserve Fund	
REVENUES				
Taxes:				
Property taxes	-	285,554	1,849,736	2,135,290
Specific ownership taxes	-	17,315	-	17,315
Intergovernmental revenue:				
State revenue	-	165,316	-	165,316
Other revenue	462,892	-	-	462,892
Total revenues	<u>462,892</u>	<u>468,185</u>	<u>1,849,736</u>	<u>2,780,813</u>
EXPENDITURES				
Direct instruction	331,106	-	-	331,106
Transportation	-	425,491	-	425,491
General administration	-	715	-	715
Student activities	855,920	-	-	855,920
Total expenditures	<u>1,187,026</u>	<u>426,206</u>	<u>-</u>	<u>1,613,232</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(724,134)</u>	<u>41,979</u>	<u>1,849,736</u>	<u>1,167,581</u>
OTHER FINANCING SOURCES (USES)				
Transfers in (out)	653,155	-	-	653,155
Total other financing sources (uses)	<u>653,155</u>	<u>-</u>	<u>-</u>	<u>653,155</u>
NET CHANGE IN FUND BALANCES	(70,979)	41,979	1,849,736	1,820,736
FUND BALANCES, BEGINNING	<u>85,581</u>	<u>479,027</u>	<u>-</u>	<u>564,608</u>
FUND BALANCES, ENDING	<u><u>14,602</u></u>	<u><u>521,006</u></u>	<u><u>1,849,736</u></u>	<u><u>2,385,344</u></u>

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

East Grand School District No. 2
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (GAAP Basis)
Special Revenue Fund
Pupil Activity Fund
For the Year Ended June 30, 2024
(With Comparative Actual Amounts for 2023)

	2024			Variance with Final Budget- Positive (Negative)	2023
	Budgeted Amounts		Actual Amounts		Actual Amounts
	Original	Final			
REVENUES					
Other revenue	405,089	405,089	462,892	57,803	414,193
Total revenues	405,089	405,089	462,892	57,803	414,193
EXPENDITURES					
Direct instruction	214,643	214,643	331,106	(116,463)	188,226
Student activities	909,799	909,799	855,920	53,879	973,317
Total expenditures	1,124,442	1,124,442	1,187,026	(62,584)	1,161,543
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(719,353)	(719,353)	(724,134)	(4,781)	(747,350)
OTHER FINANCING SOURCES (USES)					
Transfers in (out)	756,502	756,502	653,155	(103,347)	532,346
Total other financing sources (uses)	756,502	756,502	653,155	(103,347)	532,346
NET CHANGE IN FUND BALANCES	37,149	37,149	(70,979)	(108,128)	(215,004)
FUND BALANCES, BEGINNING	252,743	252,743	85,581	(167,162)	300,585
FUND BALANCES, ENDING	289,892	289,892	14,602	(275,290)	85,581

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

East Grand School District No. 2
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (GAAP Basis)
Special Revenue Fund
Transportation Fund
For the Year Ended June 30, 2024
(With Comparative Actual Amounts for 2023)

	2024			Variance with Final Budget- Positive (Negative)	2023
	Budgeted Amounts		Actual Amounts		Actual Amounts
	Original	Final			
REVENUES					
Taxes:					
Property taxes	300,000	300,000	285,554	(14,446)	300,673
Specific ownership taxes	25,000	25,000	17,315	(7,685)	18,949
Intergovernmental revenue:					
State revenue	145,000	145,000	165,316	20,316	153,789
Total revenues	470,000	470,000	468,185	(1,815)	473,411
EXPENDITURES					
Transportation	679,849	679,849	425,491	254,358	336,338
General administration	800	800	715	85	751
Capital outlay	5,800	5,800	-	5,800	-
Total expenditures	686,449	686,449	426,206	260,243	337,089
NET CHANGE IN FUND BALANCES	(216,449)	(216,449)	41,979	258,428	136,322
FUND BALANCES, BEGINNING	131,527	131,527	479,027	347,500	342,705
FUND BALANCES, ENDING	(84,922)	(84,922)	521,006	605,928	479,027

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

East Grand School District No. 2
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (GAAP Basis)
Special Revenue Fund
Program Reserve Fund
For the Year Ended June 30, 2024
(With Comparative Actual Amounts for 2023)

	2024			Variance with Final Budget- Positive (Negative)	2023
	Budgeted Amounts		Actual Amounts		Actual Amounts
	Original	Final			
REVENUES					
Taxes:					
Property taxes	-	-	1,849,736	1,849,736	-
Specific ownership taxes	-	-	-	-	-
Intergovernmental revenue:					
State revenue	-	-	-	-	-
Total revenues	-	-	1,849,736	1,849,736	-
EXPENDITURES					
Direct instruction	-	-	-	-	-
Indirect instruction	-	-	-	-	-
Transportation	-	-	-	-	-
Custodial and maintenance	-	-	-	-	-
Support services	-	-	-	-	-
General administration	-	-	-	-	-
Community Service	-	-	-	-	-
Student Activities	-	-	-	-	-
Contingency	-	-	-	-	-
Capital outlay	-	-	-	-	-
Total expenditures	-	-	-	-	-
NET CHANGE IN FUND BALANCES	-	-	1,849,736	1,849,736	-
FUND BALANCES, BEGINNING	-	-	-	-	-
FUND BALANCES, ENDING	-	-	1,849,736	1,849,736	-

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

East Grand School District No. 2
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Schedule of Combined General Fund
For the Year Ended June 30, 2024

REVENUES	District General Fund	Insurance Reserve Fund	Total
Property taxes	16,803,562	-	16,803,562
Specific ownership taxes	1,306,256	-	1,306,256
Intergovernmental - State revenue	763,889	-	763,889
Intergovernmental - Federal revenue	1,520,984	-	1,520,984
Interest income	225,325	-	225,325
Other	285,753	-	285,753
Total revenues	<u>20,905,769</u>	<u>-</u>	<u>20,905,769</u>
EXPENDITURES			
Direct instruction	11,094,545	-	11,094,545
Indirect instruction	1,989,660	-	1,989,660
Transportation	775,742	-	775,742
Custodial and maintenance	2,269,226	-	2,269,226
Support services	523,750	-	523,750
General administration	2,133,340	-	2,133,340
Capital outlay	303,662	-	303,662
Total expenditures	<u>19,089,925</u>	<u>-</u>	<u>19,089,925</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>1,815,844</u>	<u>-</u>	<u>1,815,844</u>
OTHER FINANCING SOURCES (USES)			
Transfers in (out)	(634,461)	(18,694)	(653,155)
Total other financing sources (uses)	<u>(634,461)</u>	<u>(18,694)</u>	<u>(653,155)</u>
NET CHANGE IN FUND BALANCES	1,181,383	(18,694)	1,162,689
FUNDS BALANCES, BEGINNING	<u>4,638,059</u>	<u>18,694</u>	<u>4,656,753</u>
FUND BALANCES, ENDING	<u><u>5,819,442</u></u>	<u><u>-</u></u>	<u><u>5,819,442</u></u>

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

East Grand School District No. 2
Schedule of Capital Assets Used in the Operation of Governmental Funds
Comparative Schedule
June 30, 2024 and 2023

	2024	2023
Governmental funds capital assets:		
Land	524,414	524,414
Buildings and improvements	65,068,241	65,068,241
Equipment	1,708,149	1,267,070
Vehicles	3,256,406	2,135,986
Construction in progress	77,608,861	25,795,656
Total governmental funds capital assets	148,166,071	94,791,367

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



Colorado Department of Education
Auditors Integrity Report
 District: 1350 – East Grand 2
 Fiscal Year 2023-24
 Colorado School District/BOCES

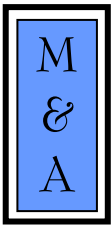
Revenues, Expenditures, & Fund Balance by Fund

Fund Type & Number	Beg Fund Balance & Prior Per Adj (6880*)	+	1000 - 5999 Total Revenues & Other Sources	0001-0999 Total Expenditures & Other Uses	=	6700-6799 & Prior Per Adj (6880*) Ending Fund Balance
Governmental						
10 General Fund	4,638,058		20,271,308	19,089,923		5,819,442
18 Risk Mgmt Sub-Fund of General Fund	18,694		-18,694	0		0
19 Colorado Preschool Program Fund	0		0	0		0
Sub-Total	4,656,751		20,252,614	19,089,923		5,819,442
11 Charter School Fund	0		0	0		0
20.26-29 Special Revenue Fund	0		0	0		0
06 Supplemental Cap Const, Tech, Main, Fund	0		0	0		0
07 Total Program Reserve Fund	0		1,849,736	0		1,849,736
21 Food Service Spec Revenue Fund	197,721		718,423	771,670		144,474
22 Govt Designated-Purpose Grants Fund	0		2,407,807	2,407,807		0
23 Pupil Activity Special Revenue Fund	85,581		1,116,047	1,187,026		14,602
25 Transportation Fund	479,027		468,185	426,205		521,007
31 Bond Redemption Fund	5,040,074		6,663,073	6,433,548		5,269,600
39 Certificate of Participation (COP) Debt Service Fund	0		0	0		0
41 Building Fund	73,643,670		3,909,421	52,927,202		24,625,889
42 Special Building Fund	0		0	0		0
43 Capital Reserve Capital Projects Fund	1,255,765		280,496	492,916		1,043,345
46 Supplemental Cap Const, Tech, Main Fund	0		0	0		0
Totals	85,358,591		37,665,802	83,736,297		39,288,096
Proprietary						
50 Other Enterprise Funds	0		0	0		0
64 (63) Risk-Related Activity Fund	0		0	0		0
60.65-69 Other Internal Service Funds	0		0	0		0
Totals	0		0	0		0
Fiduciary						
70 Other Trust and Agency Funds	0		0	0		0
72 Private Purpose Trust Fund	0		0	0		0
73 Agency Fund	0		0	0		0
74 Pupil Activity Agency Fund	-2,340		325	0		-2,015
79 GASB 34/Permanent Fund	0		0	0		0
85 Foundations	0		0	0		0
Totals	-2,340		325	0		-2,015
FINAL						

East Grand School District No. 2

Reports and Schedules for Reporting Requirements
of Uniform Guidance





McMAHAN AND ASSOCIATES, L.L.C.

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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 *GOVERNMENTAL AUDITING STANDARDS*

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of East Grand School District No. 2 (the "District") as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated February 27, 2025.

Internal Control Over Financial Reporting

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

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

Member: American Institute of Certified Public Accountants

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

Compliance and Other Matters

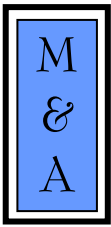
As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect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

Purpose of this Report

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

McMahan and Associates, L.L.C.

**McMahan and Associates, L.L.C.
Avon, Colorado
February 27, 2025**



McMAHAN AND ASSOCIATES, L.L.C.

Certified Public Accountants and Consultants

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

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

Opinion on Each Major Federal Program

We have audited East Grand School District No. 2's (the "District") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2024. The District's major federal programs are identified in the *Summary of Auditor's Results* section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Member: American Institute of Certified Public Accountants

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

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

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

McMahan and Associates, L.L.C.

McMahan and Associates, L.L.C.
Avon, Colorado
February 27, 2025

East Grand School District No. 2, Colorado
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2024

Part I: Summary of Auditor's Results

Financial Statements

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

Federal Awards

Internal control over major programs:	
Material weakness identified	None noted
Significant deficiency identified	None noted
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Title 2 U.S. Code of Federal Regulations Part 200	None noted
Major program – Clean School Bus Act	ALN 60.036
Dollar threshold used to identify Type A from Type B programs	\$750,000
Identified as low-risk auditee	Yes

Part II: Findings Related to Financial Statements

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

Part III: Findings Related to Federal Awards

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

East Grand School District No. 2, Colorado
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2024

Part I: Summary of Auditor's Results

Financial Statements

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

Federal Awards

Internal control over major programs:	
Material weakness identified	None noted
Significant deficiency identified	None noted
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Title 2 U.S. Code of Federal Regulations Part 200 Major program – Clean School Bus Act	None noted ALN 60.036
Dollar threshold used to identify Type A from Type B programs	\$750,000
Identified as low-risk auditee	Yes

Part II: Findings Related to Financial Statements

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

Part III: Findings Related to Federal Awards

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

East Grand School District No. 2
SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2024

Note: There were no findings for the fiscal year ended June 30, 2023.

**East Grand School District
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2024**

<u>Program Title</u>	<u>Federal ALN</u>	<u>Grant Project Code</u>	<u>Expenditures</u>	<u>Amounts Passed Through to Subrecipients</u>
United States Department of Education				
Rural Education Achievement Program	84.358	4358	\$ 37,758	
Passed through Colorado Department of Education:				
Title I, Part A Improving Basic Programs Operated by Schools	84.010	4010	131,568	
School Climate Transformation	84.184	8174		
English Language Acquisition	84.365A	7365	2,850	
Title II, Part A Supporting Effective Instruction	84.367	4367	16,623	
Title IV, Part A Student Support and Academic Enrichment	84.424A	4424	10,057	
<u>Elementary and Secondary School Emergency Relief Fund (ESSER):</u>				
COVID-19 - ESSER III ARP 9.5% State Set-Aside, Rural Coaction	84.425U	4429	369,497	140,694
COVID-19 - ESSER III 90% - LEA Allocation	84.425U	4414	158,679	
ESSER III ARP 9.5% State Set-Aside, Early-Service Educator Mentoring Program	84.425U	4436	8,678	
ARP Homeless Children and Youth (ARP-HCY II) Group 2	84.425W	8426	7,094	
Total ESSER			<u>543,948</u>	<u>140,694</u>
Total United States Department of Education			<u>742,804</u>	<u>140,694</u>
Environmental Protection Agency				
Clean School Bus Act	66.045	7036	790,000	
Total Environmental Protection Agency			<u>790,000</u>	
United States Department of Human Services				
Passed through Colorado Department of Education:				
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC) COVID - 19	93.323	7323	14,985	
Total United States Department of Human Services			<u>14,985</u>	
United States Department of Agriculture:				
Passed through Colorado Department of Education:				
School Breakfast Program	10.553	4553	42,571	A
<u>National School Lunch Program</u>				
National School Lunch Program	10.555	4555	173,986	A
Supply Chain Assistance	10.555	6555	30,184	A
Total National School Lunch Program			<u>204,170</u>	
Passed through Colorado Department of Human Services:				
Food Distribution Commodities	10.555	4555	41,092	A
Passed through Grand County, Colorado:				
School and Roads - Grants to States	10.665	7665	1,355,017	B
Total United States Department of Agriculture			<u>1,642,850</u>	
Total Federal Expenditures			<u>\$ 3,190,639</u>	<u>\$ 140,694</u>
Additional Information for Clusters:				
A - Child Nutrition Cluster			\$ 287,833	\$ -
B - Forest Service Schools and Roads Cluster			1,355,017	-

Notes to the Schedule of Expenditures of Federal Awards for the Year Ended June 30, 2024

Note 1. Basis of Presentation:

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

Note 2. Determining the Value of Non-Cash Awards Expended:

Food Commodities are valued at the assessed value provided by the federal agency at the time of receipt.

Note 3. Indirect Facilities and Administration costs:

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