

**FREMONT COUNTY SCHOOL DISTRICT RE-2  
FLORENCE, COLORADO**

**FINANCIAL STATEMENTS  
AND THE INDEPENDENT AUDITOR'S REPORT**

**JUNE 30, 2024**

**FREMONT COUNTY SCHOOL DISTRICT RE-2**

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## INDEPENDENT AUDITOR'S REPORT

Board of Education  
Fremont County School District RE-2  
Florence, 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 the Fremont County School District RE-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 basic financial statements of the District, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information 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.

#### Basis of Opinions

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

#### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

### **Required Supplementary Information**

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

**Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District’s basic financial statements. The accompanying combining and individual fund statements and budget comparison schedules, 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*, and the auditor’s integrity report listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling the information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, the schedule of expenditures of federal awards, and the auditor’s integrity report are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District’s internal control over financial reporting and compliance.

*DMC Auditing and Consulting, LLC*

March 31, 2025  
Bailey, Colorado

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

As management of the Fremont RE-2 School District, we offer readers of the District's Comprehensive Annual Financial Report this narrative and analysis of the financial activities of the District for the fiscal year ending June 30, 2024. We encourage readers to consider the information presented here in conjunction with additional information provided in the Independent Auditor's report.

## **Financial Highlights**

- ❑ The primary government has government-wide net position of \$10,469,651 at the end of the current fiscal year. This increase is due to increased capital assets during FY 2024.
- ❑ Governmental funds have an unassigned fund balance of \$11,543,540.
- ❑ Fund balance of the District's governmental funds decreased by \$19,286,352 resulting in an ending fund balance of \$23,582,427. The General Fund balance increased from a beginning balance of \$11,299,063 to an ending balance of \$12,197,880, an increase of \$898,817.
- ❑ The District spent a significant portion of the building fund balance on various renovation projects, which reduced the building fund balance by \$19,006,348, from \$27,016,559 to \$8,010,211.

## **Overview of the Financial Statements**

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

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

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

## **Government-Wide Financial Statements**

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

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

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

Governmental activities consolidate all of the following Fremont RE-2 School District funds: general fund, building fund, food service fund, grants fund, capital reserve fund, capital projects fund, pupil activity fund, and bond redemption fund. The district added a Building Fund in the prior year to manage the restricted bond proceeds from a bond passed in the amount of \$25,000,000 plus premium of \$2,791,463 for the purpose of adding a secondary gymnasium and a Career & Technical Education Building at Florence Junior Senior

High School; a new cafeteria added to Fremont Elementary School as well as restructuring the pickup/drop off are for buses; and a safety upgrade to Penrose Elementary School.

### **Fund Financial Statements**

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

#### Governmental Funds

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

Fremont RE-2 School District maintains two different major governmental funds: the General fund (which combines the District's general operating fund, general capital projects fund, non-restricted project fund and Colorado preschool fund) and the building fund. Major funds are presented separately in the fund financial statements with the remaining governmental funds presented as a single aggregated presentation labeled nonmajor governmental funds. Non-major funds include the District's Debt Service Fund, Grants Fund, Food Service Fund, Capital Reserve Fund, and the Pupil Activity Fund. Individual fund information for the nonmajor funds is presented as other supplemental information after the notes section of this report.

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

#### Fiduciary Funds

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

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

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

#### **Other Information**

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

## Government-Wide Financial Analysis

### Government-Wide Net Position

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

	Governmental Activities	
	2024	2023
<b>Fremont RE-2 School District</b>		
<b>Net Position</b>		
<b>ASSETS</b>		
Current and Other Assets	30,068,816	47,805,083
Capital Assets, Net	36,086,486	17,119,043
Total Assets	66,155,302	64,924,126
Deferred Outflows of Resources	8,211,890	4,329,418
<b>LIABILITIES</b>		
Current and Other Liabilities	7,003,562	4,814,204
Long-Term Liabilities	55,342,500	52,045,875
Total Liabilities	62,346,062	56,860,079
Deferred Inflows of Resources	1,551,479	3,448,240
<b>NET POSITION</b>		
Net Investment in Capital Assets	13,739,009	11,155,703
Restricted for:		
Emergencies	600,000	645,000
Debt Service	2,134,841	3,461,604
Food Service	814,231	803,119
Preschool	54,340	202,535
Capital Outlay	-	27,016,559
Unrestricted	(6,872,770)	(34,339,295)
Total Net Position	10,469,651	8,945,225

### Government-Wide Activities

Governmental activities increased the net assets of the District during the current fiscal year ending June 30, 2024.

	Governmental Activities	
	2024	2023
<b>REVENUES</b>		
Charges for Services	862,173	701,562
Operating Grants and Contributions	4,391,324	3,817,668
Capital Grants and Contributions	1,143,313	4,375,836
Property Taxes	5,289,085	5,159,344
Specific Ownership Taxes	686,816	659,871
State Equalization	9,961,526	9,596,991
Investment Income	1,994,118	1,101,015
Other	228,379	179,533
<b>Total Revenues</b>	<b>24,556,734</b>	<b>25,591,820</b>
<b>EXPENSES</b>		
Instruction	12,516,061	10,647,987
Supporting Services	8,235,741	6,215,221
Food Services	1,228,754	971,759
Interest on Long-Term Debt	1,051,752	470,862
<b>Total Expenses</b>	<b>23,032,308</b>	<b>18,305,829</b>
 Change in Net Position	 1,524,426	 7,285,991
 Net Position, Beginning	 8,945,225	 1,659,234
Net Position, Ending	10,469,651	8,945,225

### Financial Analysis of the Government Funds

The focus of the District’s governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the District’s financing requirements. In particular, unreserved fund balance may serve as a useful measure of Fremont RE-2 School District’s net resources available for spending at the end of the fiscal year.

The combined general fund is the major governmental fund of Fremont RE-2 School District. The combined general fund under GASB 34 reporting requirements includes the general fund, non-restricted projects fund, the general capital projects fund, the Colorado preschool fund, and the food service fund. As of June 30, 2024, the general fund shows an ending fund balance of \$12,197,880 increased from the prior year balance of \$11,299,063.

## General Fund Budgetary Highlights

Fremont RE-2 School District began budget development for the 2023-2024 fiscal year in February 2023 with preliminary analysis of salary requirements related to teacher negotiations. After reviewing enrollment projections and the most current revenue assumptions, the Superintendent and her senior staff prepared a preliminary budget by prioritizing the needs expressed in the hearings' process. The preliminary budget was presented to the Board of Education in May 2023. Adoption of the 2023-2024 District budget occurred in June 2023 with a Final Budget adopted in January 2024. The District's actual revenues were \$999,328 over the budgeted amount in FY 2024. In addition, the District's actual expenditures were \$4,739,280 under the budgeted expenditures.

## Capital Assets and Debt Administration

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

	Balance 6/30/2023	Additions	Deletions	Balance 6/30/2024
<b>Governmental Activities</b>				
Capital Assets, Not Being Depreciated:				
Land	\$ 1,007,850	\$ -	\$ -	\$ 1,007,850
Construction in Progress	7,966,134	21,081,353	8,650,612	20,396,875
Total Capital Assets, Not Being Depreciated	<u>8,973,984</u>	<u>21,081,353</u>	<u>8,650,612</u>	<u>21,404,725</u>
Capital Assets, Being Depreciated:				
Buildings and Site Improvements	36,004,769	8,650,612	-	44,655,381
Equipment and Vehicles	4,593,667	159,220	-	4,752,887
Food Service	689,298	107,795	-	797,093
Total Capital Assets, Being Depreciated	<u>41,287,734</u>	<u>8,917,627</u>	<u>-</u>	<u>50,205,361</u>
Less Accumulated Depreciation:				
Buildings and Site Improvements	(29,006,849)	(2,091,996)	-	(31,098,845)
Equipment and Vehicles	(3,602,106)	(237,260)	-	(3,839,366)
Food Service	(533,720)	(51,669)	-	(585,389)
Total Accumulated Depreciation	<u>(33,142,675)</u>	<u>(2,380,925)</u>	<u>-</u>	<u>(35,523,600)</u>
Total Capital Assets, Being Depreciated, Net	<u>8,145,059</u>	<u>6,536,702</u>	<u>-</u>	<u>14,681,761</u>
Capital Assets, Governmental Activities, Net	<u>\$ 17,119,043</u>	<u>\$ 27,618,055</u>	<u>\$ 8,650,612</u>	<u>\$ 36,086,486</u>

**Long Term Liabilities**

The District has a long term debt liability which is not due or payable during this period. The District’s portion of the net pension obligation for PERA is reported on the statement of net position and not as a liability in the funds. The amount obligated to PERA is \$25,693,108, which includes pension and OPEB liabilities.

	Balance 6/30/2023	Additions	Reductions	Balance 6/30/2024	Due in One Year
<b>Governmental Activities</b>					
GO Bonds 2015	\$ 1,465,000	\$ -	\$ 1,465,000	\$ -	\$ -
GO Bonds 2023	25,000,000	-	430,000	24,570,000	550,000
Bond Premium	3,667,407	-	312,073	3,355,334	-
Financed Purchase	2,297,900	-	141,169	2,156,731	158,296
Compensated Absences	290,712	-	15,089	275,623	-
Total	<u>\$ 32,721,019</u>	<u>\$ -</u>	<u>\$ 2,363,331</u>	<u>\$ 30,357,688</u>	<u>\$ 708,296</u>

**Economic Factors and Next Year’s Budgets**

The General Fund fund balance demonstrates that the District is financially stable. The District continues to be in a situation of declining enrollment but has made the necessary adjustments to keep expenditures in line with revenues. In light of the current economy in the State of Colorado, and the fact that the majority of the District’s revenue is flow through money from State Equalization, the District along with the Eastern Fremont Education Association and the Classified Association agreed to fund incremental raises for the 2023-2024 school year.

It is our opinion that the District’s revenue stream for the General Fund continues to level out over the past few years and will continue to do so over the next several years. The District continues to be in a state of declining enrollment and over the past few years Amendment 23 has helped stabilize the revenue stream. Amendment 23 guarantees that K-12 funding will be increased at a rate of the Denver-Boulder CPI plus 1%. In past years, inflation increased so funding has stayed level with declining enrollment (stable revenues). As a result of the prolonged economic conditions that exist in the state, the State of Colorado has been unable to fully fund school districts beginning with school year 2009-2010. The actual funded Total Program for school districts has declined 8.26% from the high in 2009-2010. The future negotiations between District and the Associations will be important to the financial stability of the District. The other governmental funds should not be affected by the economy as they are all tied to property tax revenues generated by mill levies.

**Requests for Information**

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

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

## **BASIC FINANCIAL STATEMENTS**

**FREMONT COUNTY SCHOOL DISTRICT RE-2**

STATEMENT OF NET POSITION

June 30, 2024

	PRIMARY GOVERNMENT <u>GOVERNMENTAL</u> <u>ACTIVITIES</u>
<b>ASSETS</b>	
Cash and Investments	\$ 28,310,243
Accounts Receivable	51,463
Taxes Receivable	581,391
Grants Receivable	1,101,581
Inventory	24,138
Capital Assets, <i>Not Being Depreciated</i>	21,404,725
Capital Assets, <i>Net of Accumulated Depreciation</i>	<u>14,681,761</u>
<b>TOTAL ASSETS</b>	<u><u>66,155,302</u></u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Pensions, <i>Net of Accumulated Amortization</i>	8,076,587
OPEB, <i>Net of Accumulated Amortization</i>	<u>135,303</u>
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u><u>8,211,890</u></u>
<b>LIABILITIES</b>	
Accounts Payable	2,429,691
Retainage Payable	841,567
Accrued Liabilities	12,040
Accrued Salaries and Benefits	1,605,602
Accrued Interest Payable	139,572
Unearned Revenue	1,266,794
Noncurrent Liabilities	
Due Within One Year	708,296
Due in More Than One Year	29,649,392
Net Pension Liability	25,087,349
Net OPEB Liability	<u>605,759</u>
<b>TOTAL LIABILITIES</b>	<u><u>62,346,062</u></u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Pensions, <i>Net of Accumulated Amortization</i>	1,315,589
OPEB, <i>Net of Accumulated Amortization</i>	<u>235,890</u>
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u><u>1,551,479</u></u>
<b>NET POSITION</b>	
Net Investment in Capital Assets	13,739,009
Restricted for:	
Emergencies	600,000
Debt Service	2,134,841
Food Service	814,231
Preschool	54,340
Unrestricted	<u>(6,872,770)</u>
<b>TOTAL NET POSITION</b>	<u><u>\$ 10,469,651</u></u>

**FREMONT COUNTY SCHOOL DISTRICT RE-2**  
**STATEMENT OF ACTIVITIES**  
Year Ended June 30, 2024

FUNCTIONS / PROGRAMS	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGE IN NET POSITION
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	
<b>PRIMARY GOVERNMENT</b>				<b>PRIMARY GOVERNMENT</b>
<b>Governmental Activities</b>				<b>GOVERNMENTAL ACTIVITIES</b>
Instruction	\$ 12,516,061	\$ 707,019	\$ 1,995,968	\$ (9,813,074)
Supporting Services	8,235,741	58,736	1,255,708	(5,777,984)
Food Services	1,228,754	96,418	1,139,648	7,312
Interest on Long-Term Debt	1,051,752	-	-	(1,051,752)
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>\$ 23,032,308</b>	<b>\$ 862,173</b>	<b>\$ 4,391,324</b>	<b>(16,635,498)</b>
<b>GENERAL REVENUES</b>				
Local Property Taxes				5,289,085
Specific Ownership Taxes				686,816
State Equalization				9,961,526
Investment Income				1,994,118
Other				228,379
<b>TOTAL GENERAL REVENUES</b>				<b>18,159,924</b>
<b>CHANGE IN NET POSITION</b>				<b>1,524,426</b>
<b>NET POSITION, Beginning</b>				<b>8,945,225</b>
<b>NET POSITION, Ending</b>				<b>\$ 10,469,651</b>

See Notes to the Financial Statements.

**FREMONT COUNTY SCHOOL DISTRICT RE-2**

BALANCE SHEET

GOVERNMENTAL FUNDS

June 30, 2024

	<u>GENERAL</u>	<u>BUILDING</u>	<u>NONMAJOR GOVERNMENTAL FUNDS</u>	<u>TOTAL</u>
<b>ASSETS</b>				
Cash and Investments	\$ 13,849,413	\$ 11,230,319	\$ 3,230,511	\$ 28,310,243
Accounts Receivable	45,778	-	5,685	51,463
Grants Receivable	174,733	-	926,848	1,101,581
Taxes Receivable	503,317	-	78,074	581,391
Inventory	-	-	24,138	24,138
Interfund Receivables	483,695	-	132,625	616,320
	<u>15,056,936</u>	<u>11,230,319</u>	<u>4,397,881</u>	<u>30,685,136</u>
<b>TOTAL ASSETS</b>	<b>\$ 15,056,936</b>	<b>\$ 11,230,319</b>	<b>\$ 4,397,881</b>	<b>\$ 30,685,136</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts Payable	\$ 39,605	\$ 2,378,541	\$ 11,545	\$ 2,429,691
Retainage Payable	-	841,567	-	841,567
Accrued Liabilities	-	-	12,040	12,040
Accrued Salaries and Benefits	1,455,653	-	149,949	1,605,602
Interfund Payables	132,625	-	483,695	616,320
Unearned Revenue	912,621	-	354,173	1,266,794
	<u>2,540,504</u>	<u>3,220,108</u>	<u>1,011,402</u>	<u>6,772,014</u>
<b>TOTAL LIABILITIES</b>	<b>2,540,504</b>	<b>3,220,108</b>	<b>1,011,402</b>	<b>6,772,014</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Property Taxes	318,552	-	12,143	330,695
	<u>318,552</u>	<u>-</u>	<u>12,143</u>	<u>330,695</u>
<b>FUND BALANCES</b>				
Restricted for:				
Emergencies	600,000	-	-	600,000
Preschool	54,340	-	-	54,340
Capital Projects	-	8,010,211	-	8,010,211
Debt Service	-	-	2,274,413	2,274,413
Food Service	-	-	814,231	814,231
Assigned to Student Activities	-	-	285,692	285,692
Unassigned	11,543,540	-	-	11,543,540
	<u>12,197,880</u>	<u>8,010,211</u>	<u>3,374,336</u>	<u>23,582,427</u>
<b>TOTAL FUND BALANCES</b>	<b>12,197,880</b>	<b>8,010,211</b>	<b>3,374,336</b>	<b>23,582,427</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 15,056,936</b>	<b>\$ 11,230,319</b>	<b>\$ 4,397,881</b>	<b>\$ 30,685,136</b>

**FREMONT COUNTY SCHOOL DISTRICT RE-2**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET POSITION**  
June 30, 2024

AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET POSITION ARE DIFFERENT BECAUSE:

Total Fund Balances of Governmental Funds	\$	23,582,427
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds.		36,086,486
Long-term assets are not available to pay current year expenditures and, therefore, are deferred in governmental funds. This amount represents property taxes earned but not available as current financial resources.		330,695
Long-term liabilities and related items are not due and payable in the current year and, therefore, are not reported in governmental funds:		
Compensated Absences		(275,623)
Accrued Interest Payable		(139,572)
Bonds Payable		(30,082,065)
Net Pension Liability		(25,087,349)
Pension-Related Deferred Outflows of Resources		8,076,587
Pension-Related Deferred Inflows of Resources		(1,315,589)
Net OPEB Liability		(605,759)
OPEB-Related Deferred Outflows of Resources		135,303
OPEB-Related Deferred Inflows of Resources		(235,890)
Total Net Position of Governmental Activities	\$	<u><u>10,469,651</u></u>

**FREMONT COUNTY SCHOOL DISTRICT RE-2**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
Year Ended June 30, 2024

	GENERAL	BUILDING	NONMAJOR GOVERNMENTAL FUNDS	TOTAL
<b>REVENUES</b>				
Local Sources	\$ 5,517,767	1,180,178	2,598,164	\$ 9,296,109
County Sources	7,013	-	-	7,013
State Sources	11,285,948	-	1,390,788	12,676,736
Federal Sources	543,854	-	2,267,927	2,811,781
<b>TOTAL REVENUES</b>	<b>17,354,582</b>	<b>1,180,178</b>	<b>6,256,879</b>	<b>24,791,639</b>
<b>EXPENDITURES</b>				
<b>Current</b>				
Instruction	9,237,567	-	1,252,703	10,490,270
Supporting Services	6,005,289	236,392	679,305	6,920,986
Food Services	-	-	1,169,222	1,169,222
Capital Outlay	524,879	19,950,134	1,641,022	22,116,035
<b>Debt Service</b>				
Principal	141,169	-	1,895,000	2,036,169
Interest and Fiscal Charges	50,555	-	1,294,754	1,345,309
<b>TOTAL EXPENDITURES</b>	<b>15,959,459</b>	<b>20,186,526</b>	<b>7,932,006</b>	<b>44,077,991</b>
<b>EXCESS REVENUES OVER (UNDER) EXPENDITURES</b>	<b>1,395,123</b>	<b>(19,006,348)</b>	<b>(1,675,127)</b>	<b>(19,286,352)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	496,306	496,306
Transfers Out	(496,306)	-	-	(496,306)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(496,306)</b>	<b>-</b>	<b>496,306</b>	<b>-</b>
<b>CHANGES IN FUND BALANCES</b>	<b>898,817</b>	<b>(19,006,348)</b>	<b>(1,178,821)</b>	<b>(19,286,352)</b>
FUND BALANCES, Beginning	11,299,063	27,016,559	4,553,157	42,868,779
FUND BALANCES, Ending	<u>\$ 12,197,880</u>	<u>8,010,211</u>	<u>3,374,336</u>	<u>\$ 23,582,427</u>

**FREMONT COUNTY SCHOOL DISTRICT RE-2**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
Year Ended June 30, 2024

AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF ACTIVITIES ARE DIFFERENT BECAUSE:

Net Change in Fund Balances of Governmental Funds	\$ (19,286,352)
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	(2,380,925)
Revenues that do not provide current financial resources are deferred in the governmental fund financial statements but are recognized in the government-wide financial statements. This amount represents the change in deferred property taxes.	
	(234,905)
The repayment of long-term debt principal is an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net position and does not affect the statement of activities.	
	2,036,169
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position and does not affect the statement of activities. This is the effect of these differences in the treatment of long-term debt and amortization of bond premiums.	
	280,341
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. This includes the changes in the following:	
Accrued Interest Payable	13,216
Compensated Absences	15,089
Net Pension Liability	(6,117,950)
Pension-Related Deferred Outflows of Resources	3,885,089
Pension-Related Deferred Inflows of Resources	1,837,290
Net OPEB Liability	40,410
OPEB-Related Deferred Outflows of Resources	29,115
OPEB-Related Deferred Inflows of Resources	59,471
	1,524,426
Change in Net Position of Governmental Activities	\$ 1,524,426

**FREMONT COUNTY SCHOOL DISTRICT RE-2**  
**STATEMENT OF FIDUCIARY NET POSITION**  
June 30, 2024

	<u>SCHOLARSHIP TRUST FUND</u>
ASSETS	
Cash and Cash Equivalents	\$ <u>1,647,306</u>
NET POSITION	
Restricted for Scholarship	\$ <u>1,647,306</u>

**FREMONT COUNTY SCHOOL DISTRICT RE-2**  
**STATEMENT OF CHANGE IN FIDUCIARY NET POSITION**  
Year Ended June 30, 2024

	<u>SCHOLARSHIP TRUST FUND</u>
<b>ADDITIONS</b>	
Local Sources	\$ 10,000
Investment Income	<u>231,279</u>
<b>TOTAL ADDITIONS</b>	<u><u>241,279</u></u>
<b>DEDUCTIONS</b>	
Scholarships and Awards	74,380
Fees	<u>36,297</u>
<b>TOTAL DEDUCTIONS</b>	<u>110,677</u>
<b>CHANGE IN NET POSITION</b>	130,602
<b>NET POSITION, Beginning</b>	<u>1,516,704</u>
<b>NET POSITION, Ending</b>	<u><u>\$ 1,647,306</u></u>

**FREMONT COUNTY SCHOOL DISTRICT RE-2**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2024

**NOTE 1: Summary of Significant Accounting Policies**

The accounting policies of the Fremont County School District RE-2 (the District) conform to generally accepted accounting principles as applicable to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the District's more significant policies.

**Reporting Entity**

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

**Government-wide and Fund Financial Statements**

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

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

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

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

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

The *General Fund* is the District's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund. The General Fund includes the Preschool Program Activity.

The *Building Fund* is used to account for the resources accumulated for the funding of the District's school improvements and construction of new school buildings, primarily from the proceeds obtained from the issuance of general obligation bonds.

**FREMONT COUNTY SCHOOL DISTRICT RE-2**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2024

**NOTE 1: Summary of Significant Accounting Policies (Continued)**

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

Additionally, the District reports the following fund types:

*Fiduciary Funds* account for assets held by the District as an agent for individuals, private organizations, and other governments. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. The fiduciary fund reported by the District is a private-purpose trust fund.

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

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

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

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

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

**Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Fund Balance / Net Position**

*Cash and Investments* – The District maintains separate bank accounts and investments within each fund. Investments are reported at fair value. For purposes of the statement of fiduciary net position, cash equivalents include investments with original maturities of three months or less.

*Receivables* - Receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Property taxes levied for the current year but not received at year end are reported as taxes receivable and are presented net of an allowance for uncollectible taxes. Grant reimbursements not received before year-end for which eligibility has been met and expenditures have been incurred are reported as grants receivable.

FREMONT COUNTY SCHOOL DISTRICT RE-2

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2024

**NOTE 1: Summary of Significant Accounting Policies (Continued)**

**Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Fund Balance / Net Position (Continued)**

*Interfund Receivables and Payables* - Certain transactions between individual funds result in receivables and payables, which are classified on the balance sheet as *interfund receivables* and *interfund payables*.

*Inventory* – Food Service Fund inventory is recorded as an asset when individual items are purchased and as an expenditure when consumed. Inventory is stated at cost on a first-in, first-out (FIFO) basis, and consist of purchased and donated commodities. Purchased inventories are recorded at cost. Donated inventories, received at no cost under a program supported by the federal government, are valued at the cost furnished by the federal government.

*Prepaid Expenditures* – Certain payments to vendors reflect costs applicable to future years and reported as prepaid expenditures or prepaid expenses.

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

Buildings and Site Improvements	15 – 40 years
Equipment and Vehicles	5 – 12 years
Food Service Equipment	5 – 10 years

*Deferred Outflows of Resources* - This separate financial statement element represents a consumption of net assets that applies to future periods and so will not be recognized as an outflow of resources until then.

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

*Unearned Revenue* – Unearned revenues include grants that have been collected but the corresponding expenditures have not been incurred and the eligibility criteria have not been met.

*Deferred Inflows of Resources* – This separate financial statement element represents an acquisition of net assets by the District that is applicable to a future reporting period. Deferred inflows of resources in the governmental fund financial statements include property taxes earned but not available as current financial resources.

*Long-Term Debt* - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. Debt premiums, discounts and accounting losses resulting from debt refundings are deferred and amortized over the life of the debt using the effective interest method. In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Debt issuance costs, whether or not withheld from the debt proceeds, are reported as current expenses or expenditures.

**FREMONT COUNTY SCHOOL DISTRICT RE-2**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2024

**NOTE 1: Summary of Significant Accounting Policies (Continued)**

**Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Fund Balance / Net Position (Continued)**

*Compensated Absences* – Personnel accrue leave days based on the number of days worked in a year. Employees hired before September 1, 2022 may accumulate up to 73 days of leave, and employees hired after that date may accrued up to 52 days. For employees with more than 10 years of service at the District, unused accumulated leave benefits are paid upon separation/termination at a percentage of minimum wage. These compensated absences are recognized as expenditures in the governmental funds when due. A long-term liability is reported in the government-wide financial statements for the accrued compensated absences when earned.

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

*Postemployment Benefits Other Than Pensions (OPEB)* - The District participates in the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the Public Employees' Retirement Association of Colorado (PERA). The net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, information about the fiduciary net position, and additions to and deductions from the HCTF's fiduciary net position have been determined using the economic resources measurement focus and the accrual basis of accounting, the same basis of accounting used by the HCTF. For this purpose, the HCTF recognizes benefit payments when due and payable in accordance with the benefit terms. Employer contributions are recognized when the compensation is payable to the employees. Investments are reported at fair value.

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

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

**Property Taxes**

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

**FREMONT COUNTY SCHOOL DISTRICT RE-2**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2024

**NOTE 2: Cash and Investments**

At June 30, 2024, the District had the following cash and investments:

Cash on Hand	\$ 900
Deposits	940,760
Investments	<u>29,015,889</u>
Total	<u>\$ 29,957,549</u>

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

Cash and Investments	\$ 28,310,243
Fiduciary Funds	<u>1,647,306</u>
Total	<u>\$ 29,957,549</u>

**Deposits**

The Colorado Public Deposit Protection Act (PDPA) requires local government entities to deposit cash in eligible public depositories. Eligibility is determined by State regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. The PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution or held in trust for all uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. At June 30, 2024, the District had bank deposits of \$1,295,763 collateralized with securities held by the financial institution's agent but not in the District's name.

**Investments**

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

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

At June 30, 2024, the District had the following investments:

Investment Type	NSRO Rating	Fair Value	Maturity Less Than One Year	Concentration	Fair Value Heirarchy
Local Government Pools	AAAm	\$ 27,481,514	\$ 27,481,514	95%	NAV
Exchange Traded Funds - Equities	N/A	<u>1,534,375</u>	<u>1,534,375</u>	<u>5%</u>	Level 1
Total Investments		<u>\$ 29,015,889</u>	<u>\$ 29,015,889</u>	<u>100%</u>	

**FREMONT COUNTY SCHOOL DISTRICT RE-2**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2024

**NOTE 2: Cash and Investments (Continued)**

**Investments (Continued)**

*Fair Value Measurements* - At June 30, 2024, the District's investments in the local government investment pool reported at the net asset value per share.

The fair value measurements are categorized by the fair value hierarchy. Valuation inputs are used to measure the fair value of the asset to determine the appropriate category. The categories range from Level 1, which is the highest priority, to Level 3, which is the lower priority and are based on the following criteria:

Level 1 – Unadjusted quoted prices for identical instruments in active markets.

Level 2 – Quoted prices for similar instruments in the active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs are observable.

Level 3 – Valuations derived from valuation techniques in which significant inputs are observable.

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

*Credit Risk* - State statutes limit investments in money market funds to those that maintain a constant share price, with a maximum remaining maturity in accordance with the Securities and Exchange Commission's Rule 2a-7, and either have assets of one billion dollars or the highest rating issued by one or more nationally recognized statistical rating organizations (NRSROs).

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

*Local Government Investment Pool* - At June 30, 2024, the District and the College had \$27,481,514 invested in the Colorado Local Government Liquid Asset Trust Plus (ColoTrust). ColoTrust is an investment vehicle established for local government entities in Colorado to pool surplus funds. The Colorado Division of Securities administers and enforces the requirements of creating and operating ColoTrust. ColoTrust operates in conformity with the Securities and Exchange Commission's Rule 2a-7. ColoTrust is measured at the net asset value per share, with each share valued at \$1. ColoTrust is rated AAAM by Standard and Poor's. Investments of ColoTrust is limited to those allowed by State statutes. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. The custodian's internal records identify the investments owned by the participating governments.

*Exchange Traded Funds (Equities)* – At June 30, 2024, the District held investments in custodial capacity for the Scholarship Trust in the amount of \$1,534,375 invested in various exchange traded funds held at Charles Schwab and managed by Maverick Wealth Advisors. The exchange traded funds operate in accordance with the Investment Company Act of 1940. State statutes do not apply to the Scholarship Trust and the District is not responsible for the investment of these funds.

**FREMONT COUNTY SCHOOL DISTRICT RE-2**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2024

**NOTE 3: Interfund Balances and Transfers**

At June 30, 2024, the General Fund collected grant reimbursements on behalf of the Food Service Fund and Grants Fund \$130,362 and \$2,263, respectively. The General Fund temporarily subsidized \$483,695 to the Capital Reserve Fund for reimbursable grant expenditures.

During the year ended June 30, 2024, the General Fund transferred \$376,306 to the Capital Reserve Fund for the match to the capital-related grants expenditures. The General Fund also transferred \$120,000 to the Pupil Activity Fund to subsidize extracurricular activities.

**NOTE 4: Capital Assets**

Capital asset activity for the year ended June 30, 2024, is summarized below:

	Balance 6/30/2023	Additions	Deletions	Balance 6/30/2024
<b>Governmental Activities</b>				
Capital Assets, Not Being Depreciated:				
Land	\$ 1,007,850	\$ -	\$ -	\$ 1,007,850
Construction in Progress	7,966,134	21,081,353	8,650,612	20,396,875
Total Capital Assets, Not Being Depreciated	<u>8,973,984</u>	<u>21,081,353</u>	<u>8,650,612</u>	<u>21,404,725</u>
Capital Assets, Being Depreciated:				
Buildings and Site Improvements	36,004,769	8,650,612	-	44,655,381
Equipment and Vehicles	4,593,667	159,220	-	4,752,887
Food Service	689,298	107,795	-	797,093
Total Capital Assets, Being Depreciated	<u>41,287,734</u>	<u>8,917,627</u>	<u>-</u>	<u>50,205,361</u>
Less Accumulated Depreciation:				
Buildings and Site Improvements	(29,006,849)	(2,091,996)	-	(31,098,845)
Equipment and Vehicles	(3,602,106)	(237,260)	-	(3,839,366)
Food Service	(533,720)	(51,669)	-	(585,389)
Total Accumulated Depreciation	<u>(33,142,675)</u>	<u>(2,380,925)</u>	<u>-</u>	<u>(35,523,600)</u>
Total Capital Assets, Being Depreciated, Net	<u>8,145,059</u>	<u>6,536,702</u>	<u>-</u>	<u>14,681,761</u>
Capital Assets, Governmental Activities, Net	<u>\$ 17,119,043</u>	<u>\$ 27,618,055</u>	<u>\$ 8,650,612</u>	<u>\$ 36,086,486</u>

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

Instruction	\$ 1,863,405
Supporting Services	465,851
Food Service	<u>51,669</u>
Total	<u>\$ 2,380,925</u>

**FREMONT COUNTY SCHOOL DISTRICT RE-2**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2024

**NOTE 5: Long-Term Debt**

Following is a summary of long-term debt transactions for the year ended June 30, 2024.

	Balance 6/30/2023	Additions	Reductions	Balance 6/30/2024	Due in One Year
<b>Governmental Activities</b>					
GO Bonds 2015	\$ 1,465,000	\$ -	\$ 1,465,000	\$ -	\$ -
GO Bonds 2023	25,000,000	-	430,000	24,570,000	550,000
Bond Premium	3,667,407	-	312,073	3,355,334	-
Financed Purchase	2,297,900	-	141,169	2,156,731	158,296
Compensated Absences	290,712	-	15,089	275,623	-
Total	<u>\$ 32,721,019</u>	<u>\$ -</u>	<u>\$ 2,363,331</u>	<u>\$ 30,357,688</u>	<u>\$ 708,296</u>

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

On October 21, 2015, the District issued General Obligation Refunding Bonds, Series 2015, in the amount of \$7,915,000 to advance refund the District's General Obligation Bonds, Series 2006. The bonds were refunded to obtain a lower interest rate. Principal payments are due annually on December 1, through 2023. Interest payments are due semi-annually on June 1<sup>st</sup> and December 1<sup>st</sup>, with interest accruing at rates ranging from 3.75% to 4.00% per annum. The full faith and credit of the District is pledged for the payment of the principal and interest on these bonds with ad valorem taxes on all of the taxable property in the District. At June 30, 2024, the bonds were paid in full.

On January 15, 2023, the District issued General Obligation Bonds, Series 2023, in the amount of \$25,000,000 to finance the Penrose Elementary, Fremont Elementary, and Florence High School security and safety improvements and other District capital projects. Principal payments are due annually on December 1, through 2047. Principal payments started December 2023. Interest payments are due semi-annually on June 1<sup>st</sup> and December 1<sup>st</sup>, with interest accruing at rates ranging from 5.00% to 5.25% per annum. The full faith and credit of the District is pledged for the payment of the principal and interest on these bonds with ad valorem taxes on all of the taxable property in the District.

Bond payments to maturity are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 550,000	\$ 1,234,075	\$ 1,784,075
2026	580,000	1,205,825	1,785,825
2027	605,000	1,176,200	1,781,200
2028	640,000	1,145,075	1,785,075
2029	670,000	1,112,325	1,782,325
2030-2034	3,890,000	5,010,375	8,900,375
2035-2039	4,965,000	3,908,500	8,873,500
2040-2044	6,330,000	2,501,638	8,831,638
2045-2048	6,340,000	687,225	7,027,225
Total	<u>\$ 24,570,000</u>	<u>\$ 17,981,238</u>	<u>\$ 42,551,238</u>

**FREMONT COUNTY SCHOOL DISTRICT RE-2**

**NOTES TO THE FINANCIAL STATEMENTS**

June 30, 2024

**NOTE 5: Long-Term Debt (Continued)**

On August 10, 2020, the District entered into a financed purchase agreement to finance energy efficiency upgrades and capital improvements in the amount of \$2,541,184. The improvements will transfer to the District upon final payment of this financed purchase agreement. Principal and interest payments are due annually on August 17, through 2035, with interest accruing at a fixed rate of 2.20% per annum. Financed purchase payments to maturity are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 158,296	\$ 47,449	\$ 205,745
2026	165,264	43,966	209,230
2027	184,490	40,330	224,820
2028	176,510	36,271	212,781
2029	180,393	32,388	212,781
2030-2034	914,476	101,919	1,016,394
2035-2036	377,303	12,217	389,520
Total	<u>\$ 2,156,731</u>	<u>\$ 314,541</u>	<u>\$ 2,471,272</u>

**NOTE 6: Defined Benefit Pension Plan**

**General Information**

*Plan Description* - The District contributes to the School Division Trust Fund (SDTF), a cost-sharing multiple-employer defined benefit pension plan administered by the Public Employees' Retirement Association of Colorado (PERA). All employees of the District participate in the SDTF. Title 24, Article 51 of the Colorado Revised Statutes (CRS), administrative rules set at 8 C.C.R. 1502-1, and applicable provisions of the federal Internal Revenue Code assign the authority to establish and amend plan provisions to the State Legislature. PERA issues a publicly available annual comprehensive financial report, that includes information on the SDTF, which may be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

*Benefits Provided as of December 31, 2023* - The SDTF provides retirement, disability, and survivor benefits to plan participants or their beneficiaries. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure in place, the benefit option selected at retirement, and age at retirement. The retirement benefit is the greater of the a) highest average salary over five years multiplied by 2.5% and then multiplied by years of service credit, or b) the value of the participant's contribution account plus an equal match on the retirement date, annualized into a monthly amount based on life expectancy and other actuarial factors. In no case can the benefit amount exceed the highest average salary, or the amount allowed by applicable federal regulations.

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 CRS Subject to the automatic adjustment provision (AAP) under CRS § 24-51-413, eligible benefit recipients under the PERA benefit structure who began membership before January 1, 2007, will receive the maximum annual increase (AI) or AI cap of 1% 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% 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). The AAP may raise or lower the aforementioned AI cap by up to 0.25% based on the parameters specified in CRS § 24-51-413.

**FREMONT COUNTY SCHOOL DISTRICT RE-2**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2024

**NOTE 6: Defined Benefit Pension Plan (Continued)**

**General Information (Continued)**

Disability benefits are available for eligible employees once they reach five years of earned service credit and meet the definition of a disability. The disability benefit amount is based on the retirement benefit formula described previously, considering a minimum of 20 years of service credit.

Survivor benefits are determined by several factors, which include the amount of earned service credit, highest average salary of the deceased, the benefit structure in place, and the qualified survivor receiving the benefits.

*Contributions provisions as of June 30, 2024* - The District, State, and eligible employees are required to contribute to the SDTF at rates established by Title 24, Article 51, Part 4 of the CRS. These contribution requirements are established and may be amended by the State Legislature. The contribution rate for employees was 11% for the period from July 1, 2023, through June 30, 2024. The District's contribution rate for the fiscal year was 21.40% of covered salaries. However, a portion of the District's contribution (1.02% of covered salaries) is allocated to the Health Care Trust Fund (Note 7). The District's contributions to the SDTF for the year ended June 30, 2024, were \$2,048,250, equal to the required contributions.

For the purposes of GASB 68 paragraph 15, a circumstance exists in which a nonemployer contributing entity is legally responsible for making contributions to the SDTF and is considered to meet the definition of a special funding situation. As specified in CRS § 24-51-414, the State of Colorado 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 SDTF based on the proportionate amount of annual payroll of the SDTF to the total annual payroll of the SDTF. Direct distribution from the State was suspended in 2020. To compensate PERA for the suspension, CRS § 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 CRS § 24-51-414(9) provides compensatory payment of \$14.561 million for 2023 only.

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

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

The District's proportion of the net pension liability was based on the District's contributions to the SDTF for the calendar year ended December 31, 2023, relative to the total contributions of participating employers and the State as a nonemployer contributing entity.

At December 31, 2023, the District's proportion was 0.1418693098%, which was an increase of 0.0376960192% from its proportion measured at December 31, 2023.

At June 30, 2024, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

**FREMONT COUNTY SCHOOL DISTRICT RE-2**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2024

**NOTE 6: Defined Benefit Pension Plan (Continued)**

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

District's proportionate share of the net pension liability	\$ 25,087,349
State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the District	550,091
Total	<u>\$ 25,637,440</u>

For the year ended June 30, 2024, the District recognized pension expense of \$2,442,807 and a revenue of (\$51,492) for support from the State as a nonemployer contributing entity. 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
Differences between expected and actual experience	\$ 1,189,618	\$ -
Net difference between projected and actual earnings on plan investments	1,798,374	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	4,027,172	1,315,589
Contributions subsequent to the measurement date	<u>1,061,423</u>	-
Total	<u>\$ 8,076,587</u>	<u>\$ 1,315,589</u>

District contributions subsequent to the measurement date of \$1,061,423 will be recognized as a reduction of the net pension liability in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Year Ended June 30,</u>			
2025		\$	1,206,651
2026			2,744,336
2027			2,250,025
2028			<u>(501,437)</u>
Total		<u>\$</u>	<u>5,699,575</u>

*Actuarial Assumptions* - The actuarial valuation as of December 31, 2022, determined the total pension liability using the following actuarial assumptions and other inputs.

**FREMONT COUNTY SCHOOL DISTRICT RE-2**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2024

**NOTE 6: Defined Benefit Pension Plan (Continued)**

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

Actuarial cost method	Entry age
Price inflation	2.30%
Real wage growth	0.70%
Wage inflation	3.00%
Salary increases, including wage inflation	3.40% - 11.00%
Long-term investment rate of return, net of plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Post-retirement benefit increases:	
Hired prior to 1/1/07	
thereafter, compounded annually	1.00%
Hired after 12/31/06	Financed by the AIR

Post-retirement benefit increases are provided by the annual increase reserve, accounted for separately in SDTF, and subject to resources being available. Therefore, liabilities related to increases for members of these benefit tiers can never exceed available assets.

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

Post-retirement non-disabled mortality assumptions were based upon the PubT-2010 Healthy Retiree Table, adjusted as follows: 1) 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 and 2) 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: 1) males: 97% of the rates for all ages, with generational projection using scale MP-2019 and 2) females: 105% of the rates for all ages, with generational projection using scale MP-2019.

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

The actuarial assumptions used in the December 31, 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 and asset/liability studies performed every three to five years for PERA. Recently this assumption has been reviewed more frequently. The most recent analyses were outlined in the Experience Study report dated October 28, 2020.

**FREMONT COUNTY SCHOOL DISTRICT RE-2**  
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June 30, 2024

**NOTE 6: Defined Benefit Pension Plan (Continued)**

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

Several factors are considered in evaluating the long-term rate of return assumption, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighing 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	<u>6.00%</u>	4.70%
Total	<u>100.00%</u>	

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

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

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

**FREMONT COUNTY SCHOOL DISTRICT RE-2**

**NOTES TO THE FINANCIAL STATEMENTS**

June 30, 2024

**NOTE 6: Defined Benefit Pension Plan (Continued)**

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

- District contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the scheduled increase in SB 18-200, required adjustments resulting from the 2018 and 2020 AAP assessments. District 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 District contributions reflect reductions for the funding of the annual increase reserve and retiree health care benefits. For future plan members, District 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, commencing July 1, 2018, that is proportioned between the PERA Division Trust Funds, including SDTF, based upon the covered payroll. The annual direct distribution ceases when all PERA Division Trust Funds are fully funded.
- District contributions and the amount of total service costs for future plan participants were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The annual increase reserve balance was excluded from the initial fund net position, as, per statute, annual increase reserve amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. Annual increase reserve transfers to the fiduciary net position and the subsequent annual increase reserve 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 fiduciary net position 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 SDTF's fiduciary net position was projected to be available to make all projected future benefit payments of current participants. 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 District's proportionate share of the net pension liability calculated using the discount rate of 7.25%, as well as the District's proportionate share of the net pension liability if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, as follows:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Proportionate share of the net pension liability	<u>\$ 33,545,959</u>	<u>\$ 25,087,349</u>	<u>\$ 18,033,892</u>

**FREMONT COUNTY SCHOOL DISTRICT RE-2**

**NOTES TO THE FINANCIAL STATEMENTS**

June 30, 2024

**NOTE 6: Defined Benefit Pension Plan (Continued)**

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

*Pension Plan Fiduciary Net Position* - Detailed information about the SDTF's fiduciary net position is available in PERA's separately issued annual comprehensive financial report, which may be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

**NOTE 7: Postemployment Healthcare Benefits**

**General Information**

*Plan Description* - All employees of the District are eligible to receive postemployment benefits other than pensions (OPEB) through the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the Public Employees' Retirement Association of Colorado (PERA). Title 24, Article 51, Part 12 of the Colorado Revised Statutes (CRS), 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 carryout the purposes of the PERACare program, including administration of the premium subsidies. CRS provisions may be amended by the Colorado General Assembly. PERA issues a publicly available financial report, that includes information on the HCTF, which may be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

*Benefits Provided* - The HCTF provides a healthcare premium subsidy to eligible participating 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). Eligibility to enroll is voluntary and includes benefit recipients, their eligible dependents and surviving spouses, among others. Eligible benefit recipients may enroll in the HCTF upon retirement, upon the occurrence of certain life events, or on an annual basis during an open enrollment period. The health care premium subsidy is based on the benefit structure under which the member retires and the member's years of service credit.

CRS § 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 are eligible for a premium subsidy, if enrolled in a health care plan under PERACare. The basis for the amount of the premium subsidy funded by each trust fund is the percentage of the member contributions account balance from each division as it relates to the total member contribution account balance from which the retirement benefit is paid.

*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, and \$115 per month for benefit recipients who are over 65 years of age or who are under 65 years of age and entitled to Medicare. The maximum subsidy is based on 20 or more years of service. The subsidy is reduced by 5% for each year of service less than 20 years. The benefit recipient pays the remaining portion of the premium not covered by the subsidy.

**FREMONT COUNTY SCHOOL DISTRICT RE-2**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2024

**NOTE 7: Postemployment Healthcare Benefits (Continued)**

**General Information (Continued)**

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, CRS § 24-51-12-6(4) provides an additional subsidy. According to the State 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 on behalf of recipients not covered by Medicare Part A.

*Contributions* - As established by Title 24, Article 51, Section 208(1)(f) of the CRS, as amended, 1.02% of the District's contributions to the School Division Trust Fund (SDTF) (Note 6) are apportioned to the HCTF. No employee contributions are required. These contribution requirements are established and may be amended by the State Legislature. The District's apportionment to the HCTF for the year ended June 30, 2024, was \$18,774, equal to the required amount.

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

At June 30, 2024, the District reported a net OPEB liability of \$605,759, representing its proportionate share of the net OPEB liability of the HCTF. The net OPEB liability was measured at 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, 2022. Standard update procedures were used to roll forward the total OPEB liability to December 31, 2023.

The District's proportion of the net OPEB liability was based on the District's contributions to the HCTF for the calendar year ended December 31, 2023, relative to the contributions of all participating employers.

At December 31, 2023, the District's proportion was 0.0848727426%, which was an increase of 0.0057317732% from its proportion measured at December 31, 2022.

For the year ended June 30, 2024, the District recognized OPEB expense of (\$25,158). 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
Differences between expected and actual experience	\$ -	\$ 124,159
Changes of assumptions and other inputs	7,126	64,229
Net difference between projected and actual earnings on plan investments	18,736	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	56,318	47,502
Contributions subsequent to the measurement date	53,123	-
<b>Total</b>	<b>\$ 135,303</b>	<b>\$ 235,890</b>

**FREMONT COUNTY SCHOOL DISTRICT RE-2**

**NOTES TO THE FINANCIAL STATEMENTS**

June 30, 2024

**NOTE 7: Postemployment Healthcare Benefits (Continued)**

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

District contributions subsequent to the measurement date of \$53,123 will be recognized as a reduction of the net OPEB liability in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

<u>Year Ended June 30,</u>	
2025	\$ (82,500)
2026	(48,838)
2027	(9,412)
2028	(17,528)
2029	1,768
2030	2,800
Total	<u>\$ (153,710)</u>

*Actuarial Assumptions* - The actuarial valuation as of December 31, 2022, determined the total OPEB liability using the following actuarial cost method, actuarial assumptions, and other inputs, applied to all periods included in the measurement.

Actuarial Cost Method	Entry Age
Price inflation	2.30%
Real wage growth	0.70%
Wage inflation	3.00%
Salary increases, including wage inflation	3.40% - 11.00%
Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Health care cost trend rates:	
Service-based premium subsidy	0.0%
PERACare Medicare plans	
7% in 2023, gradually decreasing to 4.5% in 2033	
Medicare Part A premiums:	
3.5% in 2023, gradually increasing to 4.5% in 2035	

The total OPEB liability for the HCTF, as of the December 31, 2022, measurement date, was adjusted to reflect the disaffiliation, allowable under CRS § 24-51-313, of Tri-County Health Department (Tri-County Health), effective December 31, 2022. As of the close of the 2022 fiscal year, no disaffiliation payment associated with Tri-County Health was received, and therefore no disaffiliation dollars were reflected in the fiduciary net position as of the December 31, 2022, measurement date.

**FREMONT COUNTY SCHOOL DISTRICT RE-2**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2024

**NOTE 7: Postemployment Healthcare Benefits (Continued)**

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

Annually, the per capita health care costs are developed by plan option. At December 31, 2023, the plan options include 2022 premium rates for the UnitedHealthcare Medicare Advantage Prescription Drug (MAPD) PPO plan #1, the UnitedHealthcare MAPD PPO plan #2, and the Kaiser Permanente MAPD HMO plan. Actuarial morbidity factors are then applied to estimate individual retiree and spouse costs by age, gender, and health care cost trend. This approach applies to 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%

In determining the additional liability for PERACare enrollees who are age 65 or older and who are not eligible for premium-free Medicare Part A in the December 31, 2023, valuation, the following monthly costs/premium are assumed for 2023 for the PERA Benefit Structure:

Sample Age	MAPD PPO #1 with Medicare		MAPD PPO #2 with Medicare		MAPD HMO (Kaiser) with Medicare	
	Part A for Retiree / Spouse		Part A for Retiree / Spouse		Part A for Retiree / Spouse	
	Male	Female	Male	Female	Male	Female
65	\$ 1,692	\$ 1,406	\$ 579	\$ 481	\$ 1,913	\$ 1,589
70	\$ 1,901	\$ 1,573	\$ 650	\$ 538	\$ 2,149	\$ 1,778
75	\$ 2,100	\$ 1,653	\$ 718	\$ 566	\$ 2,374	\$ 1,869

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

The 2022 Medicare Part A premium is \$506 per month. All costs are subject to the health care cost trend rates.

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.

**FREMONT COUNTY SCHOOL DISTRICT RE-2**

**NOTES TO THE FINANCIAL STATEMENTS**

June 30, 2024

**NOTE 7: Postemployment Healthcare Benefits (Continued)**

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

Health care cost trend rates 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:

Measurement 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, reflect generational mortality and were applied, as applicable, in the determination of the total OPEB liability for the HCTF, but developed using a headcount-weighted basis. SDTF participates in the HCTF (Note 7).

The pre-retirement mortality assumptions for the SDTF were based upon the PubT-2010 Employee Table with generational projection using scale MP-2019. Post-retirement non-disabled mortality assumptions for the SDTF were based upon the PubT-2010 Healthy Retiree Table, adjusted as follows: 1) 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 and 2) 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: 1) males: 97% of the rates for all ages, with generational projection using scale MP-2019 and 2) females: 105% of the rates for all ages, with generational projection using scale MP-2019. Disabled mortality assumptions for SDTF members were based upon the PubNS-2010 Disabled Retiree Table using 99% of the rates for all ages with generational projection using scale MP-2019.

**FREMONT COUNTY SCHOOL DISTRICT RE-2**

**NOTES TO THE FINANCIAL STATEMENTS**

June 30, 2024

**NOTE 7: Postemployment Healthcare Benefits (Continued)**

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

The health care costs assumptions were updated and used in the roll-forward calculation for the HCTF. Per capita health care costs as of the December 31, 2022, valuation date for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits were updated to reflect the 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 from actuary’s claims data warehouse. The healthcare 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’s actuary.

The actuarial assumptions used in the December 31, 2022, valuations were based on the results of the 2020 experience analysis, dated October 28, 2020, and November 4, 2020, 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 performed at least every five years, and asset/liability studies, performed every three to 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 weighing the expected future real rates of return by the target asset allocation percentages and then adding expected inflation.

The PERA Board first adopted the 7.25% long-term expected rate of return as of November 18, 2016. Following an asset/liability study, the Board reaffirmed the assumed rate of return at the Board’s November 15, 2019, meeting, to be effective January 1, 2020.

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

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

**FREMONT COUNTY SCHOOL DISTRICT RE-2**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2024

**NOTE 7: Postemployment Healthcare Benefits (Continued)**

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

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

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

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2023, measurement date.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3%.
- 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 fiduciary net position as of the current measurement date is used as a starting point for the GASB 74 projection test.
- As of December 31, 2023, measurement date, the fiduciary net position and related disclosure components for the HCTF reflect payments related to disaffiliation of Tri-County Health Department as a PERA-affiliated employer, effective December 31, 2022. As of December 31, 2023, PERA recognized two additions for accounting and financial reporting purposes: a \$24 million payment received on December 4, 2023, and a \$2 million receivable. The employer disaffiliation payment and receivable allocations to the HCTF and Local Government Division Trust Fund were \$1.033 million and \$24.967 million, respectively.

Based on the above assumptions and methods, the HCTF's fiduciary net position 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 total OPEB 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.

**FREMONT COUNTY SCHOOL DISTRICT RE-2**  
**NOTES TO THE FINANCIAL STATEMENTS**  
 June 30, 2024

**NOTE 7: Postemployment Healthcare Benefits (Continued)**

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

*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:

	<u>1% Decrease in Trend Rates</u>	<u>Current Trend Rates (7.25%)</u>	<u>1% Increase in Trend Rates</u>
Initial PERACare Medicare trend rate	5.75%	6.75%	7.75%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	2.50%	3.50%	4.50%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability	<u>\$ 588,373</u>	<u>\$ 605,759</u>	<u>\$ 624,671</u>

*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:

	<u>1% Decrease (6.25%)</u>	<u>Current Discount Rate (7.25%)</u>	<u>1% Increase (8.25%)</u>
Proportionate share of the net OPEB liability	<u>\$ 715,477</u>	<u>\$ 605,759</u>	<u>\$ 511,895</u>

*OPEB Plan Fiduciary Net Position* - Detailed information about the HCTF's fiduciary net position is available in PERA's separately issued annual comprehensive financial report, which may be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports)

**NOTE 8: Risk Management**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. The District participates in the Colorado School Districts Self Insurance Pool for all risks of loss except workers' compensation, for which it utilizes a commercial insurance carrier.

The Colorado School Districts Self Insurance Pool (CSDSIP) operates as a self-insurance pool comprised of various school districts and other related public educational entities within the State of Colorado. The CSDSIP is administered by a governing board. The District pays an annual premium to the CSDSIP for various types of property and liability insurance coverage. The CSDSIP's agreement provides that the CSDSIP will be self-sustaining through member premiums and will reinsure through a duly authorized insurer. The reinsurance covers claims against the CSDSIP in excess of specific claim amounts and in the aggregate in an amount and at limits determined by the CSDSIP to be adequate to protect the solvency of the CSDSIP.

**FREMONT COUNTY SCHOOL DISTRICT RE-2**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2024

**NOTE 9: Commitments and Contingencies**

**Claims and Judgments**

The District participates in a number of federal, state, and local programs that are fully or partially funded by grants received from other governmental entities. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the District may be required to reimburse the grantor government. At June 30, 2024, significant amounts of grant expenditures have not been audited but management believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the District.

**Tabor Amendment**

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

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

The Amendment requires the District to establish a reserve for emergencies, representing 3% of qualifying expenditures. At June 30, 2024, the District's emergency reserve was reported as restricted fund balance in the General Fund, in the amount of \$600,000.

**Litigation**

The District from time to time is involved in various legal matters. In the opinion of the District's counsel, there are no pending legal issues that would have a material adverse effect on the financial condition of the District.

**REQUIRED SUPPLEMENTARY INFORMATION**

**FREMONT COUNTY SCHOOL DISTRICT RE-2**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
Year Ended June 30, 2024

	BUDGET		ACTUAL	VARIANCE
	ORIGINAL	FINAL		Positive (Negative)
<b>REVENUES</b>				
Local Sources				
Property Taxes	\$ 3,214,153	\$ 3,071,595	\$ 3,662,530	\$ 590,935
Specific Ownership Taxes	625,075	625,076	671,094	46,018
Investment Income	196,553	310,553	632,354	321,801
Miscellaneous	554,334	372,600	551,789	179,189
County Sources	2,700	7,000	7,013	13
State Grants	10,765,811	11,190,876	11,285,948	95,072
Federal Grants	658,781	777,554	543,854	(233,700)
<b>TOTAL REVENUES</b>	<b>16,017,407</b>	<b>16,355,254</b>	<b>17,354,582</b>	<b>999,328</b>
<b>EXPENDITURES</b>				
Current				
Instruction	10,931,578	11,304,593	9,237,567	2,067,026
Supporting Services				
Students	890,943	991,140	698,492	292,648
Instructional Staff	193,437	256,411	112,268	144,143
General Administration	783,759	887,121	766,884	120,237
School Administration	977,512	992,862	964,381	28,481
Business Services	330,898	337,966	282,944	55,022
Operations and Maintenance	3,011,283	3,474,377	2,189,473	1,284,904
Student Transportation	963,755	988,705	735,562	253,143
Central Support	350,273	360,773	255,285	105,488
Other Support	96,933	96,932	-	96,932
Facilities	19,869	15,000	-	15,000
Total Supporting Services	7,618,662	8,401,287	6,005,289	2,395,998
Capital Outlay	628,773	801,135	524,879	276,256
Debt Service				
Principal	141,169	141,500	141,169	331
Interest	50,554	50,555	50,555	-
Total Debt Service	191,723	192,055	191,724	331
<b>TOTAL EXPENDITURES</b>	<b>19,370,736</b>	<b>20,699,070</b>	<b>15,959,459</b>	<b>4,739,280</b>

**FREMONT COUNTY SCHOOL DISTRICT RE-2**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
Year Ended June 30, 2024

	BUDGET		ACTUAL	VARIANCE
	ORIGINAL	FINAL		Positive (Negative)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(3,353,329)</u>	<u>(4,343,816)</u>	<u>1,395,123</u>	<u>5,738,939</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	(376,306)	(376,306)
Transfers Out	<u>(120,000)</u>	<u>(359,729)</u>	<u>(120,000)</u>	<u>239,729</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(120,000)</u>	<u>(359,729)</u>	<u>(496,306)</u>	<u>(136,577)</u>
CHANGE IN FUND BALANCE	(3,473,329)	(4,703,545)	898,817	5,978,668
FUND BALANCE, Beginning	<u>9,879,289</u>	<u>11,299,063</u>	<u>11,299,063</u>	<u>-</u>
FUND BALANCE, Ending	<u>\$ 6,405,960</u>	<u>\$ 6,595,518</u>	<u>\$ 12,197,880</u>	<u>\$ 5,602,362</u>

**FREMONT COUNTY SCHOOL DISTRICT RE-2**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AND CONTRIBUTIONS**  
**PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION OF COLORADO SCHOOL DIVISION TRUST FUND**  
June 30, 2024

<b>MEASUREMENT YEAR</b>	<u>12/31/23</u>	<u>12/31/22</u>	<u>12/31/21</u>	<u>12/31/20</u>
<b>PROPORTIONATE SHARE OF THE NET PENSION LIABILITY</b>				
District's Proportion of the Net Pension Liability	0.1418693098%	0.1041732906%	0.1202962388%	0.1403708430%
District's Proportionate Share of the Net Pension Liability	\$ 25,087,349	13,999,314	\$ 21,221,240	\$ 20,115,632
State's Proportionate Share of the Net Pension Liability Associated with the District	<u>550,091</u>	<u>1,604,843</u>	<u>-</u>	<u>2,551,408</u>
Total Proportionate Share of the Net Pension Liability	<u>25,637,440</u>	<u>15,604,157</u>	<u>\$ 21,221,240</u>	<u>\$ 22,667,040</u>
District's Covered Payroll	\$ 9,378,843	\$ 7,521,635	\$ 7,350,974	\$ 7,795,810
District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	267%	186%	289%	258%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	65%	74.86%	66.99%	64.52%
 <b>FISCAL YEAR</b>	 <u>6/30/24</u>	 <u>6/30/23</u>	 <u>6/30/22</u>	 <u>06/30/21</u>
<b>DISTRICT CONTRIBUTIONS</b>				
Statutorily Required Contribution	\$ 2,048,250	1,782,157	\$ 1,495,301	\$ 1,461,374
Contributions in Relation to the Statutorily Required Contribution	<u>(2,048,250)</u>	<u>(1,782,157)</u>	<u>(1,495,301)</u>	<u>(1,461,374)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 10,050,294	8,744,639	\$ 7,521,635	\$ 7,350,974
Contributions as a Percentage of Covered Payroll	20.38%	20.38%	19.88%	19.88%

<u>12/31/19</u>	<u>12/31/18</u>	<u>12/31/17</u>	<u>12/31/16</u>	<u>12/31/15</u>	<u>12/31/14</u>
0.1346447388%	0.1346748349%	0.1524251592%	0.1535089174%	0.1589005833%	0.1591471692%
\$ 23,846,946	\$ 49,288,879	\$ 45,705,541	\$ 24,302,722	\$ 21,569,787	\$ 20,716,850
<u>3,260,746</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 27,107,692</u>	<u>\$ 49,288,879</u>	<u>\$ 45,705,541</u>	<u>\$ 24,302,722</u>	<u>\$ 21,569,787</u>	<u>\$ 20,716,850</u>
\$ 7,729,433	\$ 7,189,244	\$ 6,869,591	\$ 6,917,132	\$ 6,834,583	\$ 6,666,810
309%	686%	665%	351%	316%	311%
57.01%	43.96%	43.10%	59.20%	62.80%	64.06%
<u>06/30/20</u>	<u>06/30/19</u>	<u>06/30/18</u>	<u>06/30/17</u>	<u>06/30/16</u>	<u>06/30/15</u>
\$ 1,510,828	\$ 1,478,641	\$ 1,357,581	\$ 1,262,803	\$ 1,226,519	\$ 1,152,971
<u>(1,510,828)</u>	<u>(1,478,641)</u>	<u>(1,357,581)</u>	<u>(1,262,803)</u>	<u>(1,226,519)</u>	<u>(1,152,971)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 7,795,810	\$ 7,729,433	\$ 7,189,244	\$ 6,869,591	\$ 6,917,133	\$ 6,834,583
19.38%	19.13%	18.88%	18.38%	17.73%	16.87%

**FREMONT COUNTY SCHOOL DISTRICT RE-2**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY AND CONTRIBUTIONS**  
**PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION OF COLORADO HEALTH CARE TRUST FUND**  
June 30, 2024

<b>MEASUREMENT YEAR</b>	<u>12/31/23</u>	<u>12/31/22</u>	<u>12/31/21</u>
<b>PROPORTIONATE SHARE OF THE NET OPEB LIABILITY</b>			
District's Proportion of the Net OPEB Liability	0.0848727426%	0.0791409694%	0.0785441355%
District's Proportionate Share of the Net OPEB Liability	\$ 605,759	\$ 677,290	\$ 770,906
District's Covered Payroll	\$ 9,378,843	\$ 7,521,635	\$ 7,350,974
District's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	6.46%	9.00%	10.49%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	46%	39%	33%
<b>FISCAL YEAR</b>			
<b>DISTRICT CONTRIBUTIONS</b>			
Statutorily Required Contribution	\$ 102,513	\$ 89,195	\$ 76,721
Contributions in Relation to the Statutorily Required Contribution	<u>(102,513)</u>	<u>(89,195)</u>	<u>(76,721)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 10,050,294	\$ 8,744,639	\$ 7,521,635
Contributions as a Percentage of Covered Payroll	1.02%	1.02%	1.02%

This schedule is presented to show information for 10 years.  
Information will be presented for the years it is available.

<u>12/31/20</u>	<u>12/31/19</u>	<u>12/31/18</u>	<u>12/31/17</u>
0.0811288224%	0.0880057084%	0.0875379992%	0.0866074029%
\$ 989,182	\$ 1,190,991	\$ 1,125,550	\$ 1,131,308
\$ 7,795,810	\$ 7,729,433	\$ 7,189,244	\$ 6,869,591
12.69%	15.41%	15.66%	16.47%
24%	17%	18%	17%
<u>6/30/21</u>	<u>6/30/20</u>	<u>6/30/19</u>	<u>6/30/18</u>
\$ 74,980	\$ 79,517	\$ 78,840	\$ 73,330
<u>(74,980)</u>	<u>(79,517)</u>	<u>(78,840)</u>	<u>(73,330)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 7,350,974	\$ 7,795,810	\$ 7,729,433	\$ 7,189,244
1.02%	1.02%	1.02%	1.02%

**FREMONT COUNTY SCHOOL DISTRICT RE-2**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
June 30, 2024

**NOTE 1: Stewardship, Compliance, and Accountability**

**Budgetary Information**

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

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

**NOTE 2: Significant Changes in Plan Provisions Affecting Trends in Actuarial Information**

*STDF Plan* - Senate Bill (SB) 23-056, enacted and effective June 2, 2023, intended to recompense PERA for the remaining portion of the \$225 million direct distribution originally scheduled for receipt July 1, 2020, suspended due to the enactment of House Bill (HB) 20-1379, but not fully repaid through the provisions within HB 22-1029. Pursuant to SB 23-056, the State Treasurer issued a warrant consisting of the balance of the PERA Payment Cash Fund, created in §24-51-416, plus \$10 million from the General Fund, totaling \$14.561 million.

As of the December 31, 2023, measurement date, the total pension liability (TPL) recognizes the change in the default method applied for granting service accruals for certain members, from a "12-pay" method to a "non-12-pay" method. The default service accrual method for positions with an employment pattern of at least eight months but fewer than 12 months (including, but not limited to positions in the School and DPS Divisions) receive a higher ratio of service credit for each month worked, up to a maximum of 12 months of service credit per year.

*HCTF Plan* - As of the December 31, 2023, measurement date, the fiduciary net position (FNP) and related disclosure components for the Health Care Trust Fund (HCTF) reflect payments related to the disaffiliation of Tri-County Health Department (Tri-County Health) as a PERA-affiliated employer, effective December 31, 2022. As of 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.

**NOTE 3: Changes in Assumptions and Other Inputs**

No changes made to the actuarial methods or assumptions.

## **SUPPLEMENTARY INFORMATION**

**FREMONT COUNTY SCHOOL DISTRICT RE-2**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
June 30, 2024

	DEBT SERVICE	FOOD SERVICE	CAPITAL RESERVE
<b>ASSETS</b>			
Cash and Investments	\$ 2,208,482	\$ 633,245	\$ -
Accounts Receivable	-	5,685	-
Grants Receivable	-	97,934	483,695
Taxes Receivable	78,074	-	-
Inventories	-	24,138	-
Interfund Receivables	-	130,362	-
	<u>\$ 2,286,556</u>	<u>\$ 891,364</u>	<u>\$ 483,695</u>
<b>TOTAL ASSETS</b>			
	<u>\$ 2,286,556</u>	<u>\$ 891,364</u>	<u>\$ 483,695</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts Payable	\$ -	\$ 10,184	\$ -
Accrued Liabilities	-	-	-
Accrued Salaries and Benefits	-	58,819	-
Interfund Payables	-	-	483,695
Unearned Revenue	-	8,130	-
	<u>-</u>	<u>77,133</u>	<u>483,695</u>
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>77,133</u>	<u>483,695</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Property Taxes	<u>12,143</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>			
Restricted for:			
Grants	-	-	-
Debt Service	2,274,413	-	-
Food Service	-	814,231	-
Assigned to Pupil Activities	-	-	-
	<u>2,274,413</u>	<u>814,231</u>	<u>-</u>
<b>TOTAL FUND BALANCES</b>	<u>2,274,413</u>	<u>814,231</u>	<u>-</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>			
	<u>\$ 2,286,556</u>	<u>\$ 891,364</u>	<u>\$ 483,695</u>

<u>GRANTS</u>	<u>PUPIL ACTIVITY</u>	<u>TOTAL</u>
\$ 103,092	\$ 285,692	\$ 3,230,511
-	-	5,685
345,219	-	926,848
-	-	78,074
-	-	24,138
<u>2,263</u>	<u>-</u>	<u>132,625</u>
<u>\$ 450,574</u>	<u>\$ 285,692</u>	<u>\$ 4,397,881</u>

\$ 1,361	\$ -	\$ 11,545
12,040	-	12,040
91,130	-	149,949
-	-	483,695
<u>346,043</u>	<u>-</u>	<u>354,173</u>
<u>450,574</u>	<u>-</u>	<u>1,011,402</u>

<u>-</u>	<u>-</u>	<u>12,143</u>
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-	-	-
-	-	2,274,413
-	-	814,231
<u>-</u>	<u>285,692</u>	<u>285,692</u>

<u>-</u>	<u>285,692</u>	<u>3,374,336</u>
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<u>\$ 450,574</u>	<u>\$ 285,692</u>	<u>\$ 4,397,881</u>
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**FREMONT COUNTY SCHOOL DISTRICT RE-2**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
Year Ended June 30, 2024

	DEBT SERVICE	FOOD SERVICE	CAPITAL RESERVE
REVENUES			
Local Sources	\$ 2,002,563	\$ 136,571	\$ 13,608
State Sources	-	267,725	795,736
Federal Sources	-	871,923	347,577
	2,002,563	1,276,219	1,156,921
EXPENDITURES			
Current			
Instruction	-	-	-
Supporting Services	-	-	-
Food Services	-	1,169,222	-
Capital Outlay	-	107,795	1,533,227
Debt Service			
Principal	1,895,000	-	-
Interest and Fiscal Charges	1,294,754	-	-
	3,189,754	1,277,017	1,533,227
EXCESS REVENUES OVER (UNDER) EXPENDITURES	(1,187,191)	(798)	(376,306)
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	376,306
CHANGES IN FUND BALANCES	(1,187,191)	(798)	-
FUND BALANCES, Beginning	3,461,604	815,029	-
FUND BALANCES, Ending	\$ 2,274,413	\$ 814,231	\$ -

<u>GRANTS</u>	<u>PUPIL ACTIVITY</u>	<u>TOTAL</u>
\$ 7,646	\$ 437,776	\$ 2,598,164
327,327	-	1,390,788
<u>1,048,427</u>	<u>-</u>	<u>2,267,927</u>
 1,383,400	 437,776	 6,256,879
  720,202	  532,501	  1,252,703
663,198	16,107	679,305
-	-	1,169,222
-	-	1,641,022
-	-	1,895,000
<u>-</u>	<u>-</u>	<u>1,294,754</u>
 1,383,400	 548,608	 7,932,006
  <u>-</u>	  <u>(110,832)</u>	  <u>(1,675,127)</u>
  <u>-</u>	  <u>120,000</u>	  <u>496,306</u>
  <u>-</u>	  9,168	  (1,178,821)
  <u>-</u>	  <u>276,524</u>	  <u>4,553,157</u>
  <u>\$ -</u>	  <u>\$ 285,692</u>	  <u>\$ 3,374,336</u>

**FREMONT COUNTY SCHOOL DISTRICT RE-2**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOOD SERVICE FUND**  
Year Ended June 30, 2024

	BUDGET		ACTUAL	VARIANCE
	ORIGINAL	FINAL		Positive (Negative)
<b>REVENUES</b>				
Local Sources				
Fees	\$ 136,000	\$ 87,750	\$ 97,071	\$ 9,321
Investment Income	16,600	30,000	40,153	10,153
Miscellaneous	72,200	8,500	(653)	(9,153)
State Grants	11,000	269,600	267,725	(1,875)
Federal Grants	639,300	787,200	871,923	84,723
<b>TOTAL REVENUES</b>	<b>875,100</b>	<b>1,183,050</b>	<b>1,276,219</b>	<b>93,169</b>
<b>EXPENDITURES</b>				
Current				
Salaries	325,268	357,213	304,830	52,383
Benefits	141,535	150,157	117,881	32,276
Purchased Services	57,500	82,500	29,516	52,984
Supplies and Materials	783,000	1,052,550	716,995	335,555
Capital Outlay	80,000	191,000	107,795	83,205
<b>TOTAL EXPENDITURES</b>	<b>1,387,303</b>	<b>1,833,420</b>	<b>1,277,017</b>	<b>556,403</b>
<b>CHANGE IN FUND BALANCE</b>	<b>(512,203)</b>	<b>(650,370)</b>	<b>(798)</b>	<b>649,572</b>
FUND BALANCE, Beginning	692,179	815,029	815,029	-
FUND BALANCE, Ending	<u>\$ 179,976</u>	<u>\$ 164,659</u>	<u>\$ 814,231</u>	<u>\$ 649,572</u>

**FREMONT COUNTY SCHOOL DISTRICT RE-2**  
**BUDGETARY COMPARISON SCHEDULE**  
**GRANTS FUND**  
Year Ended June 30, 2024

	BUDGET		ACTUAL	VARIANCE
	ORIGINAL	FINAL		Positive (Negative)
REVENUES				
Local Grants	\$ 546	\$ 16,551	\$ 7,646	\$ (8,905)
State Grants	329,169	340,304	327,327	(12,977)
Federal Grants	1,511,846	1,417,306	1,048,427	(368,879)
<b>TOTAL REVENUES</b>	<b>1,841,561</b>	<b>1,774,161</b>	<b>1,383,400</b>	<b>(390,761)</b>
EXPENDITURES				
Current				
Instruction	957,952	1,045,329	720,202	325,127
Supporting Services	861,873	728,832	663,198	65,634
<b>TOTAL EXPENDITURES</b>	<b>1,819,825</b>	<b>1,774,161</b>	<b>1,383,400</b>	<b>390,761</b>
CHANGE IN FUND BALANCE	21,736	-	-	-
FUND BALANCE, Beginning	-	-	-	-
FUND BALANCE, Ending	\$ 21,736	\$ -	\$ -	\$ -

**FREMONT COUNTY SCHOOL DISTRICT RE-2**  
**BUDGETARY COMPARISON SCHEDULE**  
**PUPIL ACTIVITY FUND**  
Year Ended June 30, 2024

	BUDGET		ACTUAL	VARIANCE
	ORIGINAL	FINAL		Positive (Negative)
REVENUES				
Local Sources				
Contributions	\$ 125,000	\$ 405,000	\$ 437,776	\$ 32,776
EXPENDITURES				
Current				
Instruction	510,000	720,000	532,501	187,499
Supporting Services	-	-	16,107	(16,107)
Contingency	92,065	91,524	-	91,524
<b>TOTAL EXPENDITURES</b>	<b>602,065</b>	<b>811,524</b>	<b>548,608</b>	<b>262,916</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(477,065)</b>	<b>(406,524)</b>	<b>(110,832)</b>	<b>295,692</b>
OTHER FINANCING SOURCES (USES)				
Transfers In	120,000	130,000	120,000	(10,000)
<b>CHANGE IN FUND BALANCE</b>	<b>(357,065)</b>	<b>(276,524)</b>	<b>9,168</b>	<b>295,692</b>
FUND BALANCE, Beginning	357,065	276,524	276,524	-
FUND BALANCE, Ending	\$ -	\$ -	\$ 285,692	\$ 285,692

**FREMONT COUNTY SCHOOL DISTRICT RE-2**  
**BUDGETARY COMPARISON SCHEDULE**  
**DEBT SERVICE FUND**  
Year Ended June 30, 2024

	BUDGET		ACTUAL	VARIANCE
	ORIGINAL	FINAL		Positive (Negative)
<b>REVENUES</b>				
Local Sources				
Property Taxes	\$ 1,887,936	\$ 1,887,936	\$ 1,874,049	\$ (13,887)
Investment Income	68,000	101,000	127,825	26,825
Miscellaneous			689	
<b>TOTAL REVENUES</b>	<u>1,955,936</u>	<u>1,988,936</u>	<u>2,002,563</u>	<u>12,938</u>
<b>EXPENDITURES</b>				
Debt Service				
Principal	2,558,963	1,895,000	1,895,000	-
Interest	653,213	1,287,875	1,287,136	739
Fees and Charges	4,000	14,000	7,618	6,382
<b>TOTAL EXPENDITURES</b>	<u>3,216,176</u>	<u>3,196,875</u>	<u>3,189,754</u>	<u>7,121</u>
<b>CHANGE IN FUND BALANCE</b>	(1,260,240)	(1,207,939)	(1,187,191)	20,059
<b>FUND BALANCE, Beginning</b>	<u>3,485,063</u>	<u>3,461,604</u>	<u>3,461,604</u>	<u>-</u>
<b>FUND BALANCE, Ending</b>	<u>\$ 2,224,823</u>	<u>\$ 2,253,665</u>	<u>\$ 2,274,413</u>	<u>\$ 20,748</u>

**FREMONT COUNTY SCHOOL DISTRICT RE-2**  
**BUDGETARY COMPARISON SCHEDULE**  
**CAPITAL RESERVE FUND**  
Year Ended June 30, 2024

	BUDGET		ACTUAL	VARIANCE
	ORIGINAL	FINAL		Positive (Negative)
REVENUES				
Local Sources	\$ 82,047	\$ 7,500	\$ -	\$ (7,500)
Investment Income	-	-	13,608	13,608
State Grants	2,278,220	1,042,529	795,736	(246,793)
Federal Grants	92,892	204,274	347,577	143,303
<b>TOTAL REVENUES</b>	<b>2,453,159</b>	<b>1,254,303</b>	<b>1,156,921</b>	<b>(97,382)</b>
EXPENDITURES				
Capital Outlay	2,453,159	1,721,841	1,533,227	188,614
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>-</b>	<b>(467,538)</b>	<b>(376,306)</b>	<b>91,232</b>
OTHER FINANCING SOURCES				
Transfers In	-	467,538	376,306	(91,232)
<b>CHANGE IN FUND BALANCE</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
FUND BALANCE, Beginning	-	-	-	-
FUND BALANCE, Ending	\$ -	\$ -	\$ -	\$ -

**FREMONT COUNTY SCHOOL DISTRICT RE-2**  
**BUDGETARY COMPARISON SCHEDULE**  
**BUILDING FUND**  
Year Ended June 30, 2024

	BUDGET		ACTUAL	VARIANCE
	ORIGINAL	FINAL		Positive (Negative)
REVENUES				
Local Sources				
Investment Income	\$ 300,000	\$ 850,000	\$ 1,180,178	\$ 330,178
EXPENDITURES				
Current				
Supporting Services				
Salaries	57,964	57,964	49,618	8,346
Benefits	13,621	13,621	11,335	2,286
Purchased Services	474,923	474,923	175,439	299,484
Capital Outlay	26,557,457	26,557,487	19,950,134	6,607,353
<b>TOTAL EXPENDITURES</b>	<b>27,103,965</b>	<b>27,103,995</b>	<b>20,186,526</b>	<b>6,917,469</b>
<b>CHANGE IN FUND BALANCE</b>	<b>(26,803,965)</b>	<b>(26,253,995)</b>	<b>(19,006,348)</b>	<b>7,247,647</b>
FUND BALANCE, Beginning	27,968,528	27,016,559	27,016,559	-
FUND BALANCE, Ending	\$ 1,164,563	\$ 762,564	\$ 8,010,211	\$ 7,247,647

## **COMPLIANCE SECTION**

# **SINGLE AUDIT**

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

Board of Education  
Fremont County School District RE-2  
Florence, 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 Fremont County School District RE-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 basic financial statements of the District and have issued our report thereon dated March 31, 2025.

**Report on Internal Control Over Financial Reporting**

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

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

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2024-001 that we consider to be material weaknesses.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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*.

**District's Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the District's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

**Purpose of this Report**

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

*DMC Auditing and Consulting, LLC*

March 31, 2025  
Bailey, Colorado

**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH  
MAJOR FEDERAL PROGRAM, INTERNAL CONTROL OVER COMPLIANCE,  
AND THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
REQUIRED BY THE UNIFORM GUIDANCE**

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

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

**Opinion on Each Major Federal Program**

We have audited Fremont County School District RE-2’s (the District) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of the District’s major federal programs for the year ended June 30, 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 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 (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

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

**Responsibilities of Management for Compliance**

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

### **Auditor's Responsibilities for the Audit of Compliance**

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding 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.

### **Other Matters**

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2024-001. Our opinion on each major federal program is not modified with respect to these matters.

*Government Auditing Standards* requires the auditor to perform limited procedures on the District's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### **Report on Internal Control over Compliance**

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses.

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

A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2024-001 to be significant deficiencies.

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.

*Government Auditing Standards* requires the auditor to perform limited procedures on the District's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

### **Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the basic financial statements of the District. We issued our report thereon dated March 31, 2025, which contained unmodified opinions on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*DMC Auditing and Consulting, LLC*

March 31, 2025  
Bailey, Colorado

**FREMONT COUNTY SCHOOL DISTRICT RE-2**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
Year Ended June 30, 2024

Federal Grantor/Pass-Through Grantor/Program Title	Federal Assistance Pass-Through Entity		Expenditures
	Listing Number	Identifying Number	
<b>U.S. DEPARTMENT OF EDUCATION</b>			
Passed Through State Department of Education			
Title I	84.010	4010	\$ 386,178
Supporting Effective Instruction	84.367	4367	77,800
Student Support and Academic Enrichment Program	84.424	4424	27,189
Education Stabilization Fund (COVID-19)			
Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D	4420	128,644
American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER)	84.425U	4414 / 4429	1,081,034
American Rescue Plan - Homeless Children and Youth (ARP ESSER)	84.425W	8426	1,478
Education Stabilization Fund Total			<u>1,211,156</u>
Passed Through State Community Colleges System			
Career and Technical Education	84.048	5048	<u>21,935</u>
TOTAL U.S. DEPARTMENT OF EDUCATION			<u>1,724,258</u>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
Passed Through State Department of Education			
Public Health Emergency Response: Cooperative Agreement for Emergency Response	93.354	7354	<u>95,033</u>
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>95,033</u>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
Passed Through State Department of Education			
Pandemic Electronic Benefit Transfer Administrative Costs Grant	10.649	4649	653
<i>Child Nutrition Cluster</i>			
School Breakfast Program (SBP)	10.553	4553	203,860
National School Lunch Program (NSLP)	10.555	4555	595,349
National School Lunch Program (Supply Chain Assistance (SCA))	10.555	6555	<u>32,362</u>
Passed Through State Department of Health and Human Services			
National School Lunch Program (Donated Commodities)	10.555	4555	<u>40,352</u>
<i>Child Nutrition Cluster Subtotal</i>			<u>871,923</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE			<u>872,576</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 2,691,867</u>

**FREMONT COUNTY SCHOOL DISTRICT RE-2**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
Year Ended June 30, 2024

**NOTE 1: Basis of Presentation**

The accompanying schedule of expenditures of federal awards is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, using the modified accrual basis of accounting. Therefore, some amounts presented in this schedule may differ from amounts presented in the financial statements. Because the schedule presents only a selected portion of the operations of the Fremont County School District RE-2, it is not intended to and does not present the financial position, changes in net position or fund balance, or cash flows of the District. Non-cash expenditures are included in the schedule.

**NOTE 2: Summary of Significant Accounting Policies**

Governmental fund types account for the majority of the District's federal grant activity. Expenditures reported in the schedule of expenditures of federal awards are recognized on a modified basis of accounting. Subrecipient expenditures are recorded on a cash basis. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or limited as to reimbursement. Non-cash expenditures are included in the schedule.

**NOTE 3: Indirect Cost Rate**

The District has not elected to use the 10.5% de minimis indirect cost rate.

**NOTE 4: Subrecipient Distributions**

The District did not provide any federal awards to subrecipients.

**FREMONT COUNTY SCHOOL DISTRICT RE-2**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
 Year Ended June 30, 2024

**SECTION I: SUMMARY OF AUDITOR’S RESULTS**

**Financial Statements**

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

Internal control over financial reporting:

- Material weaknesses identified?  Yes  No
- Significant deficiencies identified?  Yes  None Reported

Noncompliance material to the financial statements noted?

- Yes  No

**Federal Awards**

Internal control over major federal programs:

- Material weaknesses identified?  Yes  No
- Significant deficiencies identified?  Yes  None Reported

Type of auditor’s report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

- Yes  No

Identification of major federal programs:

**Federal Assistance**

<u>Listing Number</u>	<u>Name of Federal Cluster/Program</u>
10.553, 10.555	Child Nutrition Cluster
84.010	Title I

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

Auditee qualified as low-risk auditee?  Yes  No

**FREMONT COUNTY SCHOOL DISTRICT RE-2**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
Year Ended June 30, 2024

**SECTION II: FINANCIAL STATEMENT FINDINGS**

**2024-001: Material Audit Adjusting Journal Entries in the Financial Statements**

**Criteria:** AU-C Section 265, A.11 in part states that indicators of material weaknesses in internal control include an identification by the auditor of a material misstatement of the financial statements under audit in circumstances that indicate that the misstatement would not have been detected and corrected by the entity's internal control.

**Condition:** We have identified a material errors in the financial statements for the fiscal year ended June 30, 2024, related to various year-end adjustments to grants and property taxes.

**Cause:** The internal controls related to year-end adjustments, including property tax accruals and grant accruals and reclassifications were not properly implemented. The District should reconcile and record the grant accruals and record the property tax accruals prior to the start of the audit in order to avoid having material misstatements.

**Effect:** The District's financial statements were misstated and had material audit adjustments.

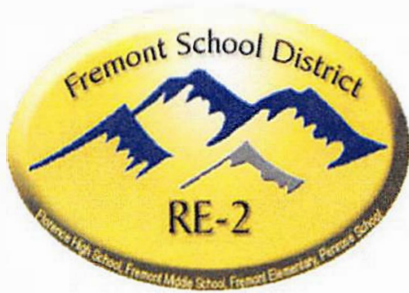
**Repeat Finding:** No.

**Recommendation:** We recommend that the District annually review and record the property tax accrual calculation, the grant accrual and reconciliation, and make sure that the adjustments are made prior to the beginning of the annual audit.

**Corrective Action Plan:** Reported on page 61.

**SECTION III: FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS**

No current year findings or questioned costs were reported.



## Fremont RE-2 School District

403 West Fifth Street, Florence, CO 81226  
719-784-6312 Fax: 719-784-4140

**February 26, 2025**

### **FY24 Audit finding correction action**

**The District acknowledges the material correction of an error to the District's financial statements. The district will reconcile and record grant accruals and record the property tax records as they occur. We will complete these prior to the start of the annual audit to avoid having material misstatements.**

## **STATE COMPLIANCE**



**Colorado Department of Education**  
**Auditors Integrity Report**  
 District: 1150 - Fremont RE-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
<b>Governmental</b>						
10 General Fund	11,096,524		16,008,100	15,248,804		11,855,820
18 Risk Mgmt Sub-Fund of General Fund	0		0	0		0
19 Colorado Preschool Program Fund	202,534		850,178	710,652		342,060
<b>Sub-Total</b>	<b>11,299,058</b>		<b>16,858,278</b>	<b>15,959,456</b>		<b>12,197,880</b>
11 Charter School Fund	0		0	0		0
20.26-29 Special Revenue Fund	0		0	0		0
06 Supplemental Cap Const, Tech, Main, Fund	0		0	0		0
07 Total Program Reserve Fund	0		0	0		0
21 Food Service Spec Revenue Fund	815,030		1,276,218	1,277,017		814,231
22 Govt Designated-Purpose Grants Fund	1		1,383,401	1,383,402		0
23 Pupil Activity Special Revenue Fund	276,526		557,773	548,607		285,692
25 Transportation Fund	0		0	0		0
31 Bond Redemption Fund	3,461,604		2,002,564	3,189,755		2,274,413
39 Certificate of Participation (COP) Debt Service Fund	0		0	0		0
41 Building Fund	27,016,559		1,180,178	20,186,526		8,010,211
42 Special Building Fund	0		0	0		0
43 Capital Reserve Capital Projects Fund	0		1,533,227	1,533,227		0
46 Supplemental Cap Const, Tech, Main Fund	0		0	0		0
<b>Totals</b>	<b>42,868,778</b>		<b>24,791,639</b>	<b>44,077,990</b>		<b>23,582,427</b>
<b>Proprietary</b>						
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
<b>Totals</b>	<b>0</b>		<b>0</b>	<b>0</b>		<b>0</b>
<b>Fiduciary</b>						
70 Other Trust and Agency Funds	0		0	0		0
72 Private Purpose Trust Fund	1,516,704		241,279	110,677		1,647,306
73 Agency Fund	0		0	0		0
74 Pupil Activity Agency Fund	0		0	0		0
79 GASB 34/Permanent Fund	0		0	0		0
85 Foundations	0		0	0		0
<b>Totals</b>	<b>1,516,704</b>		<b>241,279</b>	<b>110,677</b>		<b>1,647,306</b>
<b>FINAL</b>						