

**Fremont County School District No. RE-3  
Cotopaxi, Colorado**

**Financial Statements**  
with Independent Auditor's Report

**June 30, 2024**



# Fremont County School District No. RE-3

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June 30, 2024

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**HINKLE &  
COMPANY**  
Strategic <sup>PC</sup>  
Business Advisors

## Independent Auditor's Report

Board of Education  
Fremont County School District No. RE-3  
Cotopaxi, Colorado

### Report on the Audit of the Financial Statements

#### ***Opinions***

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Fremont County School District No. RE-3 (the District), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements 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 for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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.

#### Office Locations:

Colorado Springs, CO  
Denver, CO  
Frisco, CO  
Tulsa, OK

#### Denver Office:

750 W. Hampden Avenue,  
Suite 400  
Englewood,  
Colorado 80110  
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FAX: 303.796.1001  
[www.HinkleCPAs.com](http://www.HinkleCPAs.com)

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

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

In performing an audit in accordance with GAAS, we:

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

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



**Required Supplementary Information**

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

**Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information listed in the table of contents 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.

The supplementary information listed in the table of contents and the auditor's integrity report listed in the table of contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*Hick & Company, PC*

Englewood, Colorado  
April 8, 2025



# Fremont County School District No. RE-3

## Management's Discussion and Analysis

### June 30, 2024

As management of Fremont School District RE-3 (the District), we offer readers of the District's basic financial statements this narrative and analysis of the financial activities of Fremont School District RE-3 for the year ended June 30, 2024. We encourage readers to consider the information presented in conjunction with the accompanying financial statements.

#### **Financial Highlights**

- During the year, the District's revenues generated from taxes and other revenues of all governmental programs were \$4,636,324 and expenditures were \$3,733,856. This resulted in a positive net change in Governmental Fund Balances of \$913,275.
- The District had a healthy Governmental Fund Balance of \$5,573,512 on June 30, 2024.
- Factoring in the pension liability, Fremont School District has a Net Position of positive \$7,131,468.

#### **Overview of Financial Statements**

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The basic statements are comprised of these components:

1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

**Government-Wide Financial Statements.** The government-wide financial statements are designed to provide readers with a broad overview of the District's finances in a manner similar to a private-sector business.

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

The statement of activities presents information showing how the District's net position changed during the year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in the future periods (for example, salaries and benefits earned but unpaid as of year-end).

**Fund Financial Statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objects. The fund financial statements provide more detailed information about the School's operations, focusing on the most significant funds, not the School District as a whole. The District has two kinds of funds: governmental funds and fiduciary funds.

**Fremont County School District No. RE-3**  
Management's Discussion and Analysis  
June 30, 2024

- **Governmental Funds** - Most of the District's basic services are included in the governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps determine the status of financial resources that can be spent in the near future to finance the District's programs. The District maintains two individual governmental funds. They are the General Fund and the Food Service Fund. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and change in fund balances provide a reconciliation to the government-wide financial statements in order to facilitate comparison between governmental funds and governmental activities.

**Notes to Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the financial statements.

**Financial Analysis of the District as a Whole**

The District's net position is \$7,131,468. The net position is due to the adoption of GASB Statement No. 68, resulting in a net pension liability of \$4,857,219 representing the District's proportionate share of PERA's net pension liability. This net pension liability is up from last year's net pension liability of \$3,800,534.

Key elements of the changes in net position are as follows:

Analyzing the net position before the insertion of the net pension liability and related items, the largest portion of the District's net position (46%) represent its investment in capital assets (e.g. land, land improvements, buildings, equipment and vehicles). The District uses these capital assets to provide services to its constituents; consequently these assets are not available for future spending.

An additional portion of the District's net position (2%) is subject to external restrictions on how it may be used. The District has \$121,480 for as a restriction, Article X, Section 20 of the Colorado Constitution known as the TABOR Amendment.

**Fremont County School District No. RE-3**  
Management's Discussion and Analysis  
June 30, 2024

The remaining amount of net position (52%) is available to fund the District's ongoing programs.

The Statement of Net Position reports all financial and capital resources. The statement presents the assets and liabilities in order of relative liquidity. The liabilities with average maturities greater than one year are reported in two components - the amount due within one year and the amount due in more than one year. There are currently no long-term liabilities of the District. The difference between the District's assets and deferred outflows and liabilities and deferred inflows is its net position.

The District's net position increased by \$849,267.

The District's revenues totaled \$4,627,766. Approximately 61% of the District's revenue comes from property and other taxes, with approximately 17% coming from state equalization.

### **Analysis of the Funds**

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

The General Fund is a major governmental fund. At the end of fiscal year 2024, the District's General Fund reported an ending fund balance of \$5,281,410 an increase of \$917,434. The unassigned portion of the General Fund at this time is \$5,159,930.

The Food Service Fund is funded by charges for meals, reimbursements from the federal government for low-income students and transfers from the General Fund. This year the transfer was \$55,195. This fund had an ending fund balance of \$73,826. This is an increase of \$7,162 from last year.

### **General Fund Budgetary Highlights**

The District budgeted for General Fund expenditures of \$3,712,414 for the year ending June 30, 2024. Actual expenditures approved by the board were \$3,453,896. The lower expenditures were possible because of very conservative spending in all departments.

The operations of the District are funded primarily by tax revenue received under the State School Finance Act based partly on the number of students. Budgeted General Fund revenues were projected at \$3,712,414 and came in at \$4,371,330.

**Fremont County School District No. RE-3**  
Management's Discussion and Analysis  
June 30, 2024

The District has spent approximately 59% of expenditures for instruction related activities. The remaining 41% was spent on supporting services, capital outlay, and debt services.

**Capital Asset and Debt Administration**

**Capital Assets.** The District's investment in capital assets as of June 30, 2024, amounts to \$5,321,018. This was a decrease from last year's total of \$5,454,603. More information on the District's capital assets can be found in Note 3 of the financial statements.

**Long-Term Debt.**

The district currently has no long term debt.

**Economic Factors and Next Year's Budget**

Insurance costs are increasing each year. These costs will all continue to rise in FY 2025. For FY 2025 the district has budgeted to increase payroll by in some areas up to 16%. With our positive cash flow and healthy beginning fund balance the district desires to continue to increase its payroll to keep up with the inflation.

Utilities costs have gone up in all areas and will continue to do so in the future.

The district student count has decreased from last year. The student count is not back to what it was in past years. Families have chosen to go to online schools and homeschool, as well as movement within nearby districts. The district student numbers have dropped significantly over the last three years.

Our current beginning fund balance is sound, however the decrease in student count will decrease our state funding in the future. However, management believes that the District is in a sound financial position, even with the expected decreased revenue.

**Requests for Information**

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

**Fremont School District RE-3**  
**PO Box 385**  
**Cotopaxi, CO 81223**

## **Basic Financial Statements**

**Fremont County School District No. RE-3**  
Statement of Net Position  
June 30, 2024

	Governmental Activities
<b>Assets</b>	
Cash and Investments	\$ 5,976,580
Accounts Receivable	6,713
Taxes Receivable	184,935
Inventories	10,398
Capital Assets, <i>Not Being Depreciated</i>	2,388,259
Capital Assets, <i>Net of Accumulated Depreciation</i>	2,932,759
Total Assets	11,499,644
<b>Deferred Outflows of Resources</b>	
OPEB, <i>Net of Accumulated Amortization</i>	20,865
Pensions, <i>Net of Accumulated Amortization</i>	1,519,966
Total Deferred Outflows of Resources	1,540,831
<b>Liabilities</b>	
Accounts Payable	25,406
Retainage Payable	221,565
Accrued Salaries and Benefits	281,539
Noncurrent Liabilities	
Net OPEB Liability	117,264
Net Pension Liability	4,857,219
Total Liabilities	5,502,993
<b>Deferred Inflows of Resources</b>	
OPEB, <i>Net of Accumulated Amortization</i>	49,110
Pensions, <i>Net of Accumulated Amortization</i>	356,904
Total Deferred Inflows of Resources	406,014
<b>Net Position</b>	
Net Investment in Capital Assets	5,321,018
Restricted	121,480
Unrestricted	1,688,970
Total Net Position	\$ 7,131,468

**Fremont County School District No. RE-3**  
Statement of Activities  
For the Year Ended June 30, 2024

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Change in Net Position
		Charges for Services	Operating Grants and Contributions	Governmental Activities
<i>Governmental Activities</i>				
Instruction	\$ 2,050,269	\$ 78,250	\$ 456,706	\$ (1,515,313)
Supporting Services	1,542,713	-	290,464	(1,252,249)
Food Service	<u>185,517</u>	<u>8,790</u>	<u>-</u>	<u>(176,727)</u>
 Total Governmental Activities	 <u>\$ 3,778,499</u>	 <u>\$ 87,040</u>	 <u>\$ 747,170</u>	 <u>(2,944,289)</u>
 <b>General Revenues</b>				
				2,435,537
Local Property Taxes				237,769
Specific Ownership Taxes				143,365
Other Taxes				799,742
State Equalization				1,354
Grants and Contributions not Restricted to Specific Programs				68,835
Investment Income				10,807
Gain on Sale of Capital Assets				<u>96,147</u>
Other				
 Total General Revenues				 <u>3,793,556</u>
 <b>Change in Net Position</b>				 849,267
 <b>Net Position, Beginning of Year</b>				 <u>6,282,201</u>
 <b>Net Position, End of Year</b>				 <u>\$ 7,131,468</u>

**Fremont County School District No. RE-3**  
 Balance Sheet  
 Governmental Funds  
 June 30, 2024

	General	Nonmajor Governmental Funds	Total
<b>Assets</b>			
Cash and Investments	\$ 5,681,667	\$ 294,913	\$ 5,976,580
Accounts Receivable	6,713	-	6,713
Taxes Receivable	184,935	-	184,935
Inventories	-	10,398	10,398
Total Assets	\$ 5,873,315	\$ 305,311	\$ 6,178,626
<b>Liabilities</b>			
Accounts Payable	\$ 25,406	\$ -	\$ 25,406
Retainage Payable	221,565	-	221,565
Accrued Salaries and Benefits	268,330	13,209	281,539
Unearned Grant Revenue	5,000	-	5,000
Total Liabilities	520,301	13,209	533,510
<b>Deferred Inflows of Resources</b>			
Property Taxes	71,604	-	71,604
<b>Fund Balances</b>			
Nonspendable Inventories	-	10,398	10,398
Restricted for: Emergencies	121,480	-	121,480
Assigned to:			
Food Service	-	63,428	63,428
Student Activity	-	218,276	218,276
Unassigned	5,159,930	-	5,159,930
Total Fund Balances	5,281,410	292,102	5,573,512
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 5,873,315	\$ 305,311	\$ 6,178,626

**Fremont County School District No. RE-3**  
 Reconciliation of the Balance Sheet of Governmental  
 Funds to the Statement of Net Position  
 For the Year Ended June 30, 2024

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

Total Fund Balances of Governmental Funds	\$	5,573,512
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds.		5,321,018
Long-term assets are not available to pay current year expenditures and, therefore, are deferred in governmental funds. This amount represents property taxes and grant revenue earned but not available as current financial resources.		76,604
Long-term liabilities and related items are not due and payable in the current year and, therefore, are not reported in governmental funds:		
Net pension liability		(4,857,219)
Pension-related deferred outflows of resources		1,519,966
Pension-related deferred inflows of resources		(356,904)
Net OPEB liability		(117,264)
OPEB-related deferred outflows of resources		20,865
OPEB-related deferred inflows of resources		<u>(49,110)</u>
 Total Net Position of Governmental Activities	 \$	 <u><u>7,131,468</u></u>

**Fremont County School District No. RE-3**  
Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2024

	General	Nonmajor Governmental Funds	Total
<b>Revenues</b>			
Local Sources	\$ 3,005,889	\$ 84,024	\$ 3,089,913
State Sources	1,060,801	16,239	1,077,040
Federal Sources	349,028	120,343	469,371
Total Revenues	4,415,718	220,606	4,636,324
<b>Expenditures</b>			
Instruction	2,020,642	86,551	2,107,193
Supporting Services	1,328,300	-	1,328,300
Food Service	-	193,409	193,409
Capital Outlay	104,954	-	104,954
Total Expenditures	3,453,896	279,960	3,733,856
<b>Revenues Over (Under) Expenditures</b>	961,822	(59,354)	902,468
<b>Other Financing Sources (Uses)</b>			
Sale of Capital Assets	10,807	-	10,807
Transfers In	-	55,195	55,195
Transfers Out	(55,195)	-	(55,195)
Total Other Financing Sources (Uses)	(44,388)	55,195	10,807
<b>Net Change in Fund Balances</b>	917,434	(4,159)	913,275
<b>Fund Balances, Beginning of Year</b>	4,363,976	296,261	4,660,237
<b>Fund Balances, End of Year</b>	\$ 5,281,410	\$ 292,102	\$ 5,573,512

**Fremont County School District No. RE-3**  
 Reconciliation of the Statement of Revenues,  
 Expenditures and Changes in Fund Balances of Governmental Funds  
 to the Statement of Activities  
 For the Year Ended June 30, 2024

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

Net Change in Fund Balances of Governmental Funds	\$	913,275
<p>Governmental funds report capital outlay as expenditures. However, in the statement of activities the cost of those assets is allocated over their useful lives and reported as depreciation expense</p>		
Depreciation expense		(246,431)
Capital outlays		112,846
<p>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 and unearned grant revenue.</p>		
		(21,220)
<p>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:</p>		
Net pension liability		(1,056,685)
Pension-related deferred outflows of resources		608,493
Pension-related deferred inflows of resources		453,248
Net OPEB liability		12,150
OPEB-related deferred outflows of resources		456
OPEB-related deferred inflows of resources		73,135
		849,267
Change in Net Position	\$	849,267

**Fremont County School District No. RE-3**  
Notes to the Financial Statements  
June 30, 2024

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

The accounting policies of the Fremont County School District No. RE-3 (the District) conform to generally accepted accounting principles as applicable to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Following is a summary of the District's more significant policies.

**Reporting Entity**

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

Based on the application of this criteria, the District does not include additional organizations in its reporting entity.

**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 normally 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 are reported as separate columns in the fund financial statements.

# Fremont County School District No. RE-3

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**

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 the financial resources of the District, except those accounted for in another fund.

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

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

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

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

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

### **Assets, Liabilities and Fund Balances/Net Position**

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

# Fremont County School District No. RE-3

## Notes to the Financial Statements

June 30, 2024

### Note 1: Summary of Significant Accounting Policies (Continued)

#### Assets, Liabilities and Fund Balances/Net Position (Continued)

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

*Capital Assets* - Capital assets, which include property and equipment, are reported in the governmental activities column in the government-wide financial statements. 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 Improvements	20 - 50 years
Transportation Vehicles	8 years
Equipment	3 - 20 years

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

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

*Unearned Revenues* - Unearned revenues represent resources received by the District before it has a legal claim to them, including student fees.

*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 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 are reported as current expenses or expenditures.

**Fremont County School District No. RE-3**  
Notes to the Financial Statements  
June 30, 2024

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

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

*Compensated Absences* - Employees are allowed to accumulate unused vacation or paid leave, depending on employment classification. Accumulated vacation leave is forfeited if not used by December 30 of the following fiscal year. Paid leave may be accumulated up to 480 hours. Hours accumulated in excess of 480 will be paid to employees annually in June at \$30 per each 8 hours. Accrued vacation and paid leave up to 480 hours is paid to eligible employees upon termination of employment.

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

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

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

*Net Position/Fund Balances* - In the government-wide and fund financial statements, net position and fund balances are restricted when constraints placed on the use of resources are externally imposed. In the fund financial statements, governmental funds report committed fund balances when the Board of Education formally commits resources for a specific purpose through passage of a resolution, or to the extent that existing resources will be used to satisfy contractual obligations. In addition, the Board of Education may assign fund balances to a specific purpose through an informal action.

The District has not established a formal policy for its use of restricted and unrestricted fund balances. However, if both restricted and unrestricted fund balances are available for a specific purpose, the District uses restricted fund balance first, followed by committed, assigned and unassigned balances.

**Fremont County School District No. RE-3**  
Notes to the Financial Statements  
June 30, 2024

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

**Property Taxes**

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

**Subsequent Events**

The District has evaluated subsequent events through April 8, 2025, the date the financial statements were available to be issued.

**Note 2: Cash and Investments**

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

Petty Cash	\$	1,587
Deposits		4,559,228
Investments		1,359,526
Cash with County Treasurer		56,239
 Total	 \$	 <u><u>5,976,580</u></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 \$4,467,448 collateralized with securities held by the financial institutions’ agents 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.

**Fremont County School District No. RE-3**  
Notes to the Financial Statements  
June 30, 2024

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

**Investments** (Continued)

- 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

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

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

*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 had \$1,359,526 invested in the Colorado Local Government Liquid Asset Trust (Colotrust). Colotrust is an investment vehicle established for local government entities in Colorado to pool surplus funds. The Colorado Division of Securities administers and enforces the requirements of creating and operating Colotrust. Colotrust 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 are limited to those allowed by State statutes. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. The custodian's internal records identify the investments owned by the participating governments.

**Fremont County School District No. RE-3**  
Notes to the Financial Statements  
June 30, 2024

**Note 3: Capital Assets**

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

<b>Governmental Activities</b>	Balance 6/30/23	Additions	Deletions	Balance 6/30/24
Capital Assets, <i>Not Being Depreciated</i>				
Land	\$ 47,609	\$ -	\$ -	\$ 47,609
Construction in Progress	2,340,650	-	-	2,340,650
<b>Total Capital Assets, <i>Not Being Depreciated</i></b>	<b>2,388,259</b>	<b>-</b>	<b>-</b>	<b>2,388,259</b>
Capital Assets, <i>Being Depreciated</i>				
Buildings and Improvements	7,206,194	16,738	-	7,222,932
Vehicles and Equipment	1,120,554	96,108	(271,318)	945,344
<b>Total Capital Assets, <i>Being Depreciated</i></b>	<b>8,326,748</b>	<b>112,846</b>	<b>(271,318)</b>	<b>8,168,276</b>
Less Accumulated Depreciation				
Buildings and Improvements	(4,244,270)	(181,922)	-	(4,426,192)
Vehicles and Equipment	(1,016,134)	(64,509)	271,318	(809,325)
	<u>(5,260,404)</u>	<u>(246,431)</u>	<u>271,318</u>	<u>(5,235,517)</u>
<b>Total Capital Assets, <i>Being Depreciated, net</i></b>	<b>3,066,344</b>	<b>(133,585)</b>	<b>-</b>	<b>2,932,759</b>
<b>Governmental Activities Capital Assets, net</b>	<b>\$ 5,454,603</b>	<b>\$ (133,585)</b>	<b>\$ -</b>	<b>\$ 5,321,018</b>

Depreciation expense was charged to the supporting services program of the District.

**Note 4: Interfund Transfers**

During the year ended June 30, 2024, the General Fund subsidized the operations of the Food Service Fund through a transfer of \$55,195.

**Note 5: Jointly Governed Organization**

The District, in conjunction with other surrounding districts, created the South-Central Colorado Board of Cooperative Educational Services (BOCES). BOCES is an organization that provides member districts educational services at a shared lower cost per district. BOCES' board is comprised of one member from each participating district. The District paid \$31,950 to the BOCES during the year ended June 30, 2024. BOCES' financial statements are available at [www.ecboces.org](http://www.ecboces.org).

**Note 6: Risk Management**

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

## Fremont County School District No. RE-3

### Notes to the Financial Statements

June 30, 2024

#### **Note 6: Risk Management (Continued)**

##### **Colorado School Districts Self Insurance Pool**

The 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.

#### **Note 7: Defined Benefit Pension Plan**

##### **General Information**

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

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

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

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

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

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

**Fremont County School District No. RE-3**  
Notes to the Financial Statements  
June 30, 2024

**Note 7: Defined Benefit Pension Plan (Continued)**

**General Information** (Continued)

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

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

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

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

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

*Contributions provisions as of June 30, 2024* - Eligible employees of the District and the State are required to contribute to the SCHDTF at a rate set by Colorado statute. The contribution requirements for the SCHDTF are established under C.R.S. § 24-51-401, *et seq.* and § 24-51-413. Eligible employees are required to contribute 11.00% of their PERA-includable salary during the period of July 01, 2023 through June 30, 2024. The District's contribution rate was 21.40% of covered salaries for July 01, 2023 through June 30, 2024. However, a portion of the District's contribution (1.02% of covered salaries) is allocated to the Health Care Trust Fund (See Note 8). Contribution rates for the SCHDTF are expressed as a percentage of salary as defined in C.R.S. § 24-51-101(42).

# Fremont County School District No. RE-3

## Notes to the Financial Statements

June 30, 2024

### Note 7: Defined Benefit Pension Plan (Continued)

#### General Information (Continued)

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the members and the District is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from the District were \$399,791, for the year ended June 30, 2024.

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

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

The net pension liability for the SCHDTF was measured at December 31, 2023, and the total pension liability (TPL) 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 TPL to December 31, 2023. The District proportion of the net pension liability was based on the District contributions to the SCHDTF for the calendar year 2023 relative to the total contributions of participating employers and State as a nonemployer contributing entity.

At June 30, 2024, the District reported a liability of \$4,857,219, for its proportionate share of the net pension liability that reflected an increase for support from the State as a nonemployer contributing entity. The amount recognized by the District as its proportionate share of the net pension liability, the related support from the State as a nonemployer contributing entity, and the total portion of the net pension liability that was associated with the District were as follows:

Proportionate share of net pension liability	\$ 4,963,722
The State's proportionate share of net pension liability as a nonemployer contributing entity associated with the District	<u>(106,503)</u>
District's proportionate share of the net pension liability	<u>\$ 4,857,219</u>

## Fremont County School District No. RE-3

### Notes to the Financial Statements

June 30, 2024

#### Note 7: Defined Benefit Pension Plan (Continued)

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

At December 31, 2023, the District's proportion was 0.0274676441%, which was an increase of 0.0065964411% from its proportion measured at December 31, 2022.

For the year ended June 30, 2024, the District recognized pension expense of \$393,661 and benefit of \$9,969 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	\$ 230,324	\$ -
Net difference between projected and actual earnings on plan investments	348,186	-
Changes in proportion	704,717	356,904
Contributions subsequent to the measurement date	236,739	-
	<u>1,519,966</u>	<u>356,904</u>
Total	<u>\$ 1,519,966</u>	<u>\$ 356,904</u>

\$236,739 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Year Ended June 30,</u>	
2025	\$ 123,363
2026	475,035
2027	425,010
2028	(97,084)
2029	(1)
	<u>(1)</u>
Total	<u>\$ 926,323</u>

# Fremont County School District No. RE-3

## Notes to the Financial Statements

June 30, 2024

### Note 7: Defined Benefit Pension Plan (Continued)

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

*Actuarial Assumptions* - The TPL in the December 31, 2022, actuarial valuation was determined using the following actuarial assumptions and other inputs.

Actuarial cost method	Entry age
Price inflation	2.30%
Real wage growth	0.70%
Wage inflation	3.00%
Salary increases, including wage inflation	3.40% - 11.00%
Long-term investment rate of return, net of plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Post retirement benefit increases:	
Hired prior to 1/1/2007	1.00%
Hired after 12/31/2006	Financed by AIR

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

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

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

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

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

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

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

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

## Fremont County School District No. RE-3

Notes to the Financial Statements

June 30, 2024

### Note 7: Defined Benefit Pension Plan (Continued)

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

The long-term expected return on plan assets is reviewed as part of regularly scheduled experience studies prepared 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 weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation.

The PERA Board first adopted the 7.25 percent long-term expected rate of return as of November 18, 2016. Following an asset/liability study, the Board reaffirmed the assumed rate of return at the Board's November 15, 2019, meeting, to be effective January 1, 2020. As of the most recent reaffirmation of the long-term rate of return, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the table as follows:

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

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

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

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00%.

## Fremont County School District No. RE-3

### Notes to the Financial Statements

June 30, 2024

#### Note 7: Defined Benefit Pension Plan (Continued)

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

- 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 and required adjustments resulting from the 2018 and 2020 AAP assessments. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the scheduled increase in SB 18-200, required adjustments resulting from the 2018 and 2020 AAP assessments. Employer contributions also include the current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103%, at which point, the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions reflect reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- As specified in law, the State, as a nonemployer contributing entity, will provide an annual direct distribution of \$225 million (actual dollars), commencing July 1, 2018, that is proportioned between the State, School, Judicial, and DPS Division Trust Funds based upon the covered payroll of each Division. The annual direct distribution ceases when all Division Trust Funds are fully funded.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial FNP, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the FNP and the subsequent AIR benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the middle of the year.
- Beginning with the December 31, 2023 measurement date and thereafter, the FNP as of the current measurement date is used as a starting point for the GASB 67 projection test.

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

## Fremont County School District No. RE-3

Notes to the Financial Statements

June 30, 2024

### Note 7: Defined Benefit Pension Plan (Continued)

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

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	\$ 6,494,910	\$ 4,857,219	\$ 3,491,583

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

### Note 8: Postemployment Healthcare Benefits

**General Information**

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

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

**Fremont County School District No. RE-3**  
Notes to the Financial Statements  
June 30, 2024

**Note 8: Postemployment Healthcare Benefits (Continued)**

**General Information** (Continued)

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

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

*PERA Benefit Structure*

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

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

*DPS Benefit Structure*

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

**Fremont County School District No. RE-3**  
Notes to the Financial Statements  
June 30, 2024

**Note 8: Postemployment Healthcare Benefits (Continued)**

**General Information** (Continued)

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

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

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the members and the District is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the District was \$20,009, for the year ended June 30, 2024.

**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 liability of \$117,264 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured at December 31, 2023, and the total OPEB liability (TOL) 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 to the HCTF.

At December 31, 2023, the District's proportion was 0.0164298838% which was an increase of 0.0005796777% from its proportion measured at December 31, 2022.

## Fremont County School District No. RE-3

### Notes to the Financial Statements

June 30, 2024

#### Note 8: Postemployment Healthcare Benefits (Continued)

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

For the year ended June 30, 2024, the District recognized OPEB benefit of \$66,869. 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	\$ -	\$ 24,033
Changes of assumptions and other inputs	1,381	12,434
Net difference between projected and actual earnings on plan investments	3,630	-
Changes in proportion	4,005	12,643
Contributions subsequent to the measurement date	11,849	-
Total	\$ 20,865	\$ 49,110

\$11,849 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

Year Ended June 30,			
2025		\$	(18,642)
2026			(10,317)
2027			(4,271)
2028			(5,850)
2029			(1,036)
Thereafter			22
Total		\$	(40,094)

**Fremont County School District No. RE-3**  
Notes to the Financial Statements  
June 30, 2024

**Note 8: Postemployment Healthcare Benefits (Continued)**

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

*Actuarial Assumptions* - The TOL in the December 31, 2022 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.30%
Real wage growth	0.70%
Wage inflation	3.00%
Salary increases, including wage inflation	3.40% - 11.00%
Long-term investment rate of return, net of plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Health care cost trend rates:	
<i>PERA Benefit Structure</i>	
Service-based premium subsidy	0.00%
PERACare Medicare plans	
7.00% in 2023, gradually decreasing to 4.50% in 2033	
Medicare Part A premiums:	
3.50% in 2023, gradually increasing to 4.50% in 2035	
<i>DPS Benefit Structure</i>	
Service-based premium subsidy	0.00%
PERACare Medicare plans	N/A
Medicare Part A premiums:	N/A

Each year the per capita health care costs are developed by plan option; currently based on 2023 premium rates for the UnitedHealthcare Medicare Advantage Prescription Drug (MAPD) PPO plan #1, the UnitedHealthcare MAPD PPO plan #2, and the Kaiser Permanente MAPD HMO plan. Actuarial morbidity factors are then applied to estimate individual retiree and spouse costs by age, gender, and health care cost trend. This approach applies for all members and is adjusted accordingly for those not eligible for premium-free Medicare Part A for the PERA benefit structure.

The 2023 Medicare Part A premium is \$506 per month.

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

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

## Fremont County School District No. RE-3

Notes to the Financial Statements

June 30, 2024

### Note 8: Postemployment Healthcare Benefits (Continued)

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

Health care cost trend rates 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 TOL are summarized in the table below:

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

Mortality assumptions used in the December 31, 2022, valuation for the determination of the total pension liability for each of the Division Trust Funds as shown below, reflect generational mortality and were applied, as applicable, in the determination of the TOL for the HCTF, but developed on a headcount-weighted basis. Affiliated employers of the State, School, Local Government, and Judicial Divisions participate in the HCTF.

Pre-retirement mortality assumptions for the State and Local Government Divisions (members other than Safety Officers) were based upon the PubG-2010 Employee Table with generational projection using scale MP-2019.

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

**Fremont County School District No. RE-3**  
Notes to the Financial Statements  
June 30, 2024

**Note 8: Postemployment Healthcare Benefits (Continued)**

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

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

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

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

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

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

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

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

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

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

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

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

Disabled mortality assumptions for Safety Officers were based upon the unadjusted PubS-2010 Disabled Retiree Table with generational projection using scale MP-2019.

## Fremont County School District No. RE-3

Notes to the Financial Statements

June 30, 2024

### Note 8: Postemployment Healthcare Benefits (Continued)

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

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

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

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

The actuarial assumptions used in the December 31, 2022, valuation were based on the results of the 2020 experience analysis, dated October 28, 2020 and November 4, 2020, for the period January 1, 2016, through December 31, 2019. Revised economic and demographic assumptions were adopted by PERA's Board on November 20, 2020.

The long-term expected return on plan assets is reviewed as part of regularly scheduled 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 weighting the expected future real rates of return by the target asset allocation percentages and then adding expected inflation.

The PERA Board first adopted the 7.25% long-term expected rate of return as of November 18, 2016. Following an asset/liability study, the Board reaffirmed the assumed rate of return at the Board's November 15, 2019, meeting, to be effective January 1, 2020. As of the most recent reaffirmation of the long-term rate of return, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized as presented previously (See Note 7).

**Fremont County School District No. RE-3**  
Notes to the Financial Statements  
June 30, 2024

**Note 8: 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 TOL was 7.25%. The projection of cash flows used to determine the discount rate applied the actuarial cost method and assumptions shown above. In addition, the following methods and assumptions were used in the projection of cash flows:

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 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 3.00%.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Estimated transfers of dollars into the HCTF representing a portion of purchase service agreements intended to cover the costs associated with OPEB benefits.
- Benefit payments and contributions were assumed to be made at the middle of the year.
- Beginning with the December 31, 2023 measurement date and thereafter, the FNP as of the current measurement date is used as a starting point for the GASB 74 projection test.
- As of the December 31, 2023, measurement date, the FNP and related disclosure components for the HCTF reflect payments related to the disaffiliation of Tri-County Health Department as a PERA-affiliated employer, effective December 31, 2022. As of the December 31, 2023, year-end, PERA recognized two additions for accounting and financial reporting purposes: a \$24 million payment received on December 4, 2023, and a \$2 million receivable. The employer disaffiliation payment and receivable allocations to the HCTF and Local Government Division Trust Fund were \$1.033 million and \$24.967 million, respectively.

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

## Fremont County School District No. RE-3

Notes to the Financial Statements

June 30, 2024

### Note 8: 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 net OPEB liability to changes in the Discount Rate* - The following presents the proportionate share of the net OPEB liability calculated using the discount rate of 7.25%, as well as what the proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate, as follows:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	\$ 138,504	\$ 117,264	\$ 99,094

*Sensitivity of the District's proportionate share of the net OPEB liability to changes in the Healthcare Cost Trend Rates* - The following presents the net OPEB liability using the current healthcare cost trend rates applicable to the PERA benefit structure, ranging from 3.00% to 7.25%, as well as if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current rates, as follows:

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
Proportionate share of the net OPEB liability	\$ 113,899	\$ 117,264	\$ 120,925

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

### 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.

**Fremont County School District No. RE-3**  
Notes to the Financial Statements  
June 30, 2024

**Note 9: Commitments and Contingencies** (Continued)

**TABOR Amendment**

In November 1992, Colorado voters passed the TABOR Amendment to the State Constitution which limits state and local government taxing powers and imposes spending limitations. In November, 1997, the District's electorate authorized the District to retain, appropriate, and utilize the full proceeds and revenues received from every source whatever, without limitation, in 1997 and all subsequent years, notwithstanding any limitation of the Amendment, provided, however, that no local tax rate or property tax mill levy shall be increased at any time, nor shall any new tax be imposed, without prior consent of the voters. The Amendment is subject to many interpretations, but management believes the District is in substantial compliance with its requirements.

In accordance with the Amendment, the District has established a reserve for emergencies, representing 3% of qualifying expenditures. At June 30, 2024, the emergency reserve was reported as restricted fund balance in the General Fund in the amount of \$121,480.

## **Required Supplementary Information**

**Fremont County School District No. RE-3**  
 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

Measurement Date	<u>12/31/23</u>	<u>12/31/22</u>	<u>12/31/21</u>	<u>12/30/20</u>	<u>12/31/19</u>
<b>Proportionate Share of the Net Pension Liability</b>					
District's Proportion of the Net Pension Liability	0.0274676441%	0.0208712030%	0.0255655565%	0.0299601806%	0.0274320799%
Net Pension Liability					
District's Proportionate Share	\$ 4,857,219	\$ 3,800,534	\$ 2,975,157	\$ 4,529,375	\$ 4,098,293
State's Proportionate Share	<u>106,503</u>	<u>1,107,514</u>	<u>545,805</u>	<u>-</u>	<u>519,810</u>
Total Proportionate Share of the Net Pension Liability	<u>\$ 4,963,722</u>	<u>\$ 4,908,048</u>	<u>\$ 3,520,962</u>	<u>\$ 4,529,375</u>	<u>\$ 4,618,103</u>
District's Covered-Employee Payroll	\$ 1,815,580	\$ 1,608,423	\$ 1,597,769	\$ 1,602,415	\$ 1,612,161
District's Proportionate Share of the Net Pension Liability as a Percentage of Covered-Employee Payroll					
	268%	236%	186%	283%	254%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability					
	65%	62%	75%	67%	65%
Reporting Date	<u>6/30/24</u>	<u>6/30/23</u>	<u>6/30/22</u>	<u>6/30/21</u>	<u>6/30/20</u>
<b>District Contributions</b>					
Statutorily Required Contribution	\$ 399,791	\$ 356,778	\$ 304,608	\$ 324,546	\$ 311,093
Contributions in Relation to the Statutorily Required Contribution	<u>(399,791)</u>	<u>(356,778)</u>	<u>(304,608)</u>	<u>(324,546)</u>	<u>(311,093)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered-Employee Payroll	\$ 1,961,682	\$ 1,733,062	\$ 1,532,229	\$ 1,632,517	\$ 1,605,224
Contributions as a Percentage of Covered-Employee Payroll	20.38%	20.59%	19.88%	19.88%	19.38%

This schedule is presented to show information for 10 years.

(Continued)

**Fremont County School District No. RE-3**  
 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  
 (Continued)

Measurement Date	12/31/18	12/31/17	12/31/16	12/31/15	12/31/14
<b>Proportionate Share of the Net Pension Liability</b>					
District's Proportion of the Net Pension Liability	0.0282814467%	0.0329718680%	0.0327869607%	0.0330792848%	0.0332684203%
Net Pension Liability					
District's Proportionate Share	\$ 5,007,811	\$ 10,661,930	\$ 9,761,946	\$ 5,059,243	\$ 4,508,988
State's Proportionate Share	684,749	-	-	-	-
Total Proportionate Share of the Net Pension Liability	\$ 5,692,560	\$ 10,661,930	\$ 9,761,946	\$ 5,059,243	\$ 4,508,988
District's Covered-Employee Payroll	\$ 1,554,783	\$ 1,520,953	\$ 1,471,537	\$ 1,441,588	\$ 1,393,707
District's Proportionate Share of the Net Pension Liability as a Percentage of Covered-Employee Payroll	322%	701%	663%	351%	324%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	57%	44%	43%	59%	63%
Reporting Date	6/30/19	6/30/18	6/30/17	6/30/16	6/30/15
<b>District Contributions</b>					
Statutorily Required Contribution	\$ 297,430	\$ 288,425	\$ 276,633	\$ 259,493	\$ 238,594
Contributions in Relation to the Statutorily Required Contribution	(297,430)	(288,425)	(276,633)	(259,493)	(238,594)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's Covered-Employee Payroll	\$ 1,594,434	\$ 1,527,440	\$ 1,504,707	\$ 1,463,531	\$ 1,413,247
Contributions as a Percentage of Covered-Employee Payroll	18.65%	18.88%	18.38%	17.73%	16.88%

This schedule is presented to show information for 10 years.

## Fremont County School District No. RE-3

### Notes to Schedule of Proportionate Share of the Net Pension Liability and Contributions June 30, 2024

#### **Note 1: Significant Changes in Plan Provisions Affecting Trends in Actuarial Information**

##### **2023 Changes in Plan Provisions Since 2022**

- 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.

##### **2022 Changes in Plan Provisions Since 2021**

- HB 22-1029, effective upon enactment in 2022, required the State Treasurer to issue, in addition to the regularly scheduled \$225,000,000 direct distribution, a warrant to PERA in the amount of \$380,000,000 with reductions to future direct distributions. The July 1, 2023, direct distribution will be reduced by \$190,000 to \$35,000,000. The July 1, 2024, direct distribution will not be reduced from \$225,000 due to a negative investment return in 2022.

##### **2021 Changes in Plan Provisions Since 2020**

- The following changes reflect the anticipated adjustments resulting from the 2020 automatic adjustment provision (AAP) assessment, statutorily recognized July 1, 2021, and effective July 1, 2022:
  - Member contribution rates increase by 0.50%.
  - Employer contribution rates increase by 0.50%.
  - Annual increase (AI) cap is lowered from 1.25% per year to 1.00% per year.

##### **2020 Changes in Plan Provisions Since 2019**

- HB 20-1379, enacted on June 29, 2020, suspended the \$225,000,000 direct distribution payable on July 1, 2020 for the State's 2020-21 fiscal year.

##### **2019 Changes in Plan Provisions Since 2018**

- SB 18-200 was enacted on June 4, 2018, which included the adoption of the AAP. The following changes reflect the anticipated adjustments resulting from the 2018 AAP assessment, statutorily recognized July 1, 2019, and effective July 1, 2020:
  - Member contribution rates increase by 0.50%.
  - Employer contribution rates increase by 0.50%.
  - AI cap is lowered from 1.50% per year to 1.25%.

## Fremont County School District No. RE-3

Notes to Schedule of Proportionate Share of the Net Pension Liability and Contributions  
June 30, 2024

### Note 1: Significant Changes in Plan Provisions Affecting Trends in Actuarial Information (Continued)

#### 2018 Changes in Plan Provisions Since 2017

- The following changes were made to the plan provisions as part of SB 18-200:
  - Member contribution rates increase by 0.75% effective July 1, 2019, an additional 0.75% effective July 1, 2020, and an additional 0.50% effective July 1, 2021.
  - Employer contribution rates increase by 0.25% effective July 1, 2019 for State, School, Judicial, and DPS Divisions.
  - An annual direct distribution of \$225,000,000 from the State of Colorado, recognized as a non-employer contributing entity, is distributed between the State, School, Judicial, and DPS Divisions proportionally based on payroll.
  - AI cap is lowered from 2.00% per year to 1.50% per year.
  - Initial AI waiting period is extended from one year after retirement to three years after retirement.
  - AI payments are suspended for 2018 and 2019.

#### 2017 Changes in Plan Provisions Since 2016

- There were no changes made to the plan provisions applicable to the School Division Trust Fund.

#### 2016 Changes in Plan Provisions Since 2015

- There were no changes made to the plan provisions applicable to the School Division Trust Fund.

#### 2015 Changes in Plan Provisions Since 2014

- There were no changes made to the plan provisions applicable to the School Division Trust Fund.

#### 2014 Changes in Plan Provisions Since 2013

- There were no changes made to the plan provisions applicable to the School Division Trust Fund.

### Note 2: Significant Changes in Assumptions or Other Inputs Affecting Trends in Actuarial Information

#### 2023 Changes in Assumptions or Other Inputs Since 2022

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

#### 2022 Changes in Assumptions or Other Inputs Since 2021

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

#### 2021 Changes in Assumptions or Other Inputs Since 2020

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

## Fremont County School District No. RE-3

Notes to Schedule of Proportionate Share of the Net Pension Liability and Contributions  
June 30, 2024

### Note 2: Significant Changes in Assumptions or Other Inputs Affecting Trends in Actuarial Information (Continued)

#### **2020 Changes in Assumptions of Other Inputs Since 2019**

- The price inflation assumption was lowered from 2.40% to 2.30%.
- The wage inflation assumption was lowered from 3.50% to 3.00%.
- The real rate of investment return assumption was increased to 4.95% per year, net of investment expenses from 4.85% per year, net of investment expenses.
- Salary scale assumptions were revised to align with revised economic assumptions and to more closely reflect actual experience.
- Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.
- The pre-retirement mortality assumption for the School and DPS Divisions was changed to the PubT-2010 Employee Table with generational projection using scale MP-2019.
- The post-retirement non-disabled mortality assumption for the School and DPS Divisions was changed to the PubT-2010 Healthy Retiree Table, adjusted as follows:
  - Males: 112% of the rates prior to age 80 and 94% of the rates for ages 80 and older, with generational projection using scale MP-2019.
  - Females: 83% of the rates prior to age 80 and 106% of the rates for ages 80 and older, with generational projection using scale MP-2019.
- The disabled mortality assumption for the Division Trust Funds (members other than Safety Officers) was changed to the PubNS-2010 Disabled Retiree Table using 99% of the rates for all ages with generational projection using scale MP-2019.
- The mortality tables are generational mortality tables developed on a benefit-weighted basis.

#### **2019 Changes in Assumptions of Other Inputs Since 2018**

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

#### **2018 Changes in Assumptions of Other Inputs Since 2017**

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

#### **2017 Changes in Assumptions of Other Inputs Since 2016**

- The SEIR for the School Division was lowered from 5.26% to 4.78% to reflect the changes to the projection's valuation basis, a projected year of depletion of the FNP, and the resulting application of the municipal bond index rate.

#### **2016 Changes in Assumptions of Other Inputs Since 2015**

- The investment return assumption was lowered from 7.50% to 7.25%.
- The price inflation assumption was lowered from 2.80% to 2.40%.
- The wage inflation assumption was lowered from 3.90% to 3.50%.

## Fremont County School District No. RE-3

Notes to Schedule of Proportionate Share of the Net Pension Liability and Contributions  
June 30, 2024

### Note 2: Significant Changes in Assumptions or Other Inputs Affecting Trends in Actuarial Information (Continued)

#### **2016 Changes in Assumptions of Other Inputs Since 2015** (Continued)

- The post-retirement mortality assumption for healthy lives for the School, Judicial, and DPS Divisions was changed to the RP-2014 White Collar Healthy Annuitant Mortality Table with adjustments for credibility and gender adjustments of a 93% factor applied to ages below 80 and a 113% factor applied to age 80 and above, projected to 2018, for males, and a 68% factor applied to ages below 80 and a 106% factor applied to age 80 and above, projected to 2020, for females.
- For disabled retirees, the mortality assumption was changed to reflect 90% of RP-2014 Disabled Retiree Mortality Table.
- The mortality assumption for active members was changed to RP-2014 White Collar Employee Mortality Table, a table specifically developed for actively working people. To allow for an appropriate margin of improved mortality prospectively, the mortality rates incorporate a 70% factor applied to male rates and a 55% factor applied to female rates.
- The rates of retirement, withdrawal, and disability were revised to reflect more closely actual experience.
- The estimated administrative expense as a percentage of covered payroll was increased from .35% to .40%.
- The SEIR for the State and School Divisions was lowered from 7.50% to 5.26% to reflect the changes to the projection's valuation basis, a projected year of depletion of the FNP, and the resulting application of the municipal bond index rate of 3.86% on the measurement date.

#### **2015 Changes in Assumptions of Other Inputs Since 2014**

- The following programming changes were made:
  - Valuation of the full survivor benefit without any reduction for possible remarriage.
  - Reflection of the employer match on separation benefits for all eligible years.
  - Reflection of one year of service eligibility for survivor annuity benefit.
  - Refinement of the 18-month AI timing.
  - Refinements to directly value certain and life, modified cash refund and pop-up benefit forms.
- The following methodology changes were made:
  - Recognition of merit salary increases in the first projection year.
  - Elimination of the assumption that 35% of future disabled members elect to receive a refund.
  - Removal of the negative value adjustment for liabilities associated with refunds of future terminating members.
  - Adjustments to the timing of the normal cost and UAAL payment calculations to reflect contributions throughout the year.

#### **2014 Changes in Assumptions of Other Inputs Since 2013**

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

**Fremont County School District No. RE-3**  
 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

Measurement Date	<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	0.0164298838%	0.0158502061%	0.0166923927%
District's Proportionate Share of the Net OPEB Liability	\$ 117,264	\$ 129,414	\$ 143,939
District's Covered Payroll	\$ 1,815,580	\$ 1,608,423	\$ 1,597,769
District's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	6%	8%	9%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	46%	39%	39%
Reporting Date	<u>6/30/24</u>	<u>6/30/23</u>	<u>6/30/22</u>
<b>District's Contributions</b>			
Statutorily Required Contribution	\$ 20,009	\$ 17,677	\$ 15,629
Contributions in Relation to the Statutorily Required Contribution	<u>(20,009)</u>	<u>(17,677)</u>	<u>(15,629)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 1,961,682	\$ 1,733,062	\$ 1,532,229
Contributions as a Percentage of Covered Payroll	1.02%	1.02%	1.02%

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

(Continued)

**Fremont County School District No. RE-3**  
 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  
 (Continued)

Measurement Date	<u>12/31/20</u>	<u>12/31/19</u>	<u>12/31/18</u>	<u>12/31/17</u>
<b>Proportionate Share of the Net OPEB Liability</b>				
District's Proportion of the Net OPEB Liability	0.0173281593%	0.0179296777%	0.0183830869%	0.0187344853%
District's Proportionate Share of the Net OPEB Liability	\$ 143,939	\$ 201,529	\$ 250,110	\$ 243,473
District's Covered Payroll	\$ 1,602,415	\$ 1,612,161	\$ 1,554,783	\$ 1,520,953
District's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	9%	13%	16%	16%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	33%	24%	17%	18%
Reporting Date	<u>6/30/21</u>	<u>6/30/20</u>	<u>6/30/19</u>	<u>6/30/18</u>
<b>District's Contributions</b>				
Statutorily Required Contribution	\$ 16,652	\$ 16,373	\$ 16,263	\$ 15,580
Contributions in Relation to the Statutorily Required Contribution	<u>(16,652)</u>	<u>(16,373)</u>	<u>(16,263)</u>	<u>(15,580)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 1,632,517	\$ 1,605,224	\$ 1,594,434	\$ 1,527,440
Contributions as a Percentage of Covered Payroll	1.02%	1.02%	1.02%	1.02%

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

## **Fremont County School District No. RE-3**

### Notes to Schedule of Proportionate Share of the Net OPEB Liability and Contributions June 30, 2024

#### **Note 1: Significant Changes in Plan Provisions Affecting Trends in Actuarial Information**

##### **2023 Changes in Plan Provisions Since 2022**

- 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.

##### **2022 Changes in Plan Provisions Since 2021**

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

##### **2021 Changes in Plan Provisions Since 2020**

- There were no changes made to plan provisions.

##### **2020 Changes in Plan Provisions Since 2019**

- There were no changes made to plan provisions.

##### **2019 Changes in Plan Provisions Since 2018**

- There were no changes made to plan provisions.

##### **2018 Changes in Plan Provisions Since 2017**

- There were no changes made to plan provisions.

##### **2017 Changes in Plan Provisions Since 2016**

- There were no changes made to plan provisions.

#### **Note 2: Significant Changes in Assumptions or Other Inputs Affecting Trends in Actuarial Information**

##### **2023 Changes in Assumptions or Other Inputs Since 2022**

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

##### **2022 Changes in Assumptions or Other Inputs Since 2021**

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

## Fremont County School District No. RE-3

Notes to Schedule of Proportionate Share of the Net OPEB Liability and Contributions  
June 30, 2024

### Note 2: Significant Changes in Assumptions or Other Inputs Affecting Trends in Actuarial Information (Continued)

#### **2021 Changes in Assumptions or Other Inputs Since 2020**

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

#### **2020 Changes in Assumptions or Other Inputs Since 2019**

- The price inflation assumption was lowered from 2.40% to 2.30%.
- The wage inflation assumption was lowered from 3.50% to 3.00%.
- The real rate of investment return assumption was increased to 4.95% per year, net of investment expenses from 4.85% per year, net of investment expenses.
- Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.
- The pre-retirement mortality assumption for the School and DPS Divisions was changed to the PubT-2010 Employee Table with generational projection using scale MP-2019.
- The post-retirement non-disabled mortality assumption for the School and DPS Divisions was changed to the PubT-2010 Healthy Retiree Table, adjusted as follows:
  - Males: 112% of the rates prior to age 80 and 94% of the rates for ages 80 and older, with generational projection using scale MP-2019.
  - Females: 83% of the rates prior to age 80 and 106% of the rates for ages 80 and older, with generational projection using scale MP-2019.
- The post-retirement non-disabled beneficiary mortality assumption for the Division Trust Funds was changed to the Pub-2010 Contingent Survivor Table, adjusted as follows:
  - Males: 97% of the rates for all ages, with generational projection using scale MP-2019.
  - Females: 105% of the rates for all ages, with generational projection using scale MP-2019.
- The disabled mortality assumption for the Division Trust Funds (members other than Safety Officers) was changed to the PubNS-2010 Disabled Retiree Table using 99% of the rates for all ages with generational projection using scale MP-2019.
- The mortality tables are generational mortality tables developed on a head-count weighted basis.

#### **2019 Changes in Assumptions or Other Inputs Since 2018**

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

#### **2018 Changes in Assumptions or Other Inputs Since 2017**

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

#### **2017 Changes in Assumptions or Other Inputs Since 2016**

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

**Fremont County School District No. RE-3**  
 Budgetary Comparison Schedule  
 General Fund  
 For the Year Ended June 30, 2024

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>				
<i>Local Sources</i>				
Property Taxes	\$ 1,895,000	\$ 2,212,566	\$ 2,456,757	\$ 244,191
Specific Ownership Taxes	247,444	231,876	237,769	5,893
Other Taxes From Local Sources	300	300	143,365	143,065
Tuition	11,500	5,000	3,020	(1,980)
Investment Income	9,000	9,000	68,831	59,831
Other	-	-	96,147	96,147
<b>Total Local Sources</b>	<u>2,163,244</u>	<u>2,458,742</u>	<u>3,005,889</u>	<u>547,147</u>
<i>State Sources</i>				
State Equalization	1,240,000	799,743	799,742	(1)
Transportation	47,000	42,000	43,749	1,749
At-Risk Funding	2,500	1,500	1,354	(146)
Small Rural School Funding	65,000	38,826	77,653	38,827
Grants	28,950	28,950	138,303	109,353
<b>Total State Sources</b>	<u>1,383,450</u>	<u>911,019</u>	<u>1,060,801</u>	<u>149,782</u>
<i>Federal Sources</i>				
Grants	360,000	417,450	349,028	(68,422)
<b>Total Federal Sources</b>	<u>360,000</u>	<u>417,450</u>	<u>349,028</u>	<u>(68,422)</u>
<b>Total Revenues</b>	<u>3,906,694</u>	<u>3,787,211</u>	<u>4,415,718</u>	<u>628,507</u>
<b>Expenditures</b>				
<i>Instruction</i>	2,195,453	2,191,082	2,020,642	170,440
<i>Supporting Services</i>				
Students	120,268	59,994	60,965	(971)
Instructional Staff	11,411	11,411	12,057	(646)
General Administration	348,764	346,526	304,033	42,493
School Administration	168,990	168,990	165,445	3,545
Business Services	82,077	82,077	87,137	(5,060)
Operations and Maintenance	616,617	550,384	492,844	57,540
Student Transportation	337,712	283,650	192,283	91,367
Central Support	18,000	18,000	13,536	4,464
Community Services	300	300	-	300
<i>Capital Outlay</i>	-	-	104,954	(104,954)
<i>Reserves</i>	3,161,102	3,250,000	-	3,250,000
<b>Total Expenditures</b>	<u>7,060,694</u>	<u>6,962,414</u>	<u>3,453,896</u>	<u>3,508,518</u>
<b>Revenues Over (Under) Expenditures</b>	(3,154,000)	(3,175,203)	961,822	4,137,025
<b>Other Financing Sources (Uses)</b>				
Sale of Capital Assets	-	-	10,807	10,807
Transfers Out	(96,000)	(74,797)	(55,195)	19,602
<b>Total Other Financing Sources (Uses)</b>	<u>(96,000)</u>	<u>(74,797)</u>	<u>(44,388)</u>	<u>30,409</u>
<b>Net Change in Fund Balance</b>	(3,250,000)	(3,250,000)	917,434	4,167,434
<b>Fund Balance, Beginning of Year</b>	<u>3,250,000</u>	<u>3,250,000</u>	<u>4,363,976</u>	<u>1,113,976</u>
<b>Fund Balance, End of Year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,281,410</u>	<u>\$ 5,281,410</u>

**Fremont County School District No. RE-3**  
Notes to Budgetary Comparison Schedule - General Fund  
June 30, 2024

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

**Budgets and Budgetary Accounting**

A budget is adopted for the District on a basis consistent with generally accepted accounting principles.

Management submits to the Board of Directors a proposed budget for the fiscal year commencing the following July 1, for their approval. The budget includes proposed expenditures and the means of financing them.

Expenditures may not legally exceed appropriations at the fund level. Revisions that alter the total expenditures of any fund must be approved by the Board of Education.

All appropriations lapse at fiscal year-end.

## **Supplementary Information**

**Fremont County School District No. RE-3**  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2024

	Special Revenue		
	Food Service	Student Activity	Total
<b>Assets</b>			
Cash and Investments	\$ 76,637	\$ 218,276	\$ 294,913
Inventories	10,398	-	10,398
Total Assets	\$ 87,035	\$ 218,276	\$ 305,311
<b>Liabilities and Fund Balances</b>			
<i>Liabilities</i>			
Accrued Salaries and Benefits	\$ 13,209	\$ -	\$ 13,209
Total Liabilities	13,209	-	13,209
<b>Fund Balances</b>			
Nonspendable Inventories	10,398	-	10,398
Assigned to:			
Food Services	63,428	-	63,428
Student Activity	-	218,276	218,276
Total Fund Balances	73,826	218,276	292,102
Total Liabilities and Fund Balances	\$ 87,035	\$ 218,276	\$ 305,311

**Fremont County School District No. RE-3**  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Governmental Funds  
June 30, 2024

	Special Revenue		Total
	Food Services	Student Activity	
<b>Revenues</b>			
Local Sources	\$ 8,794	\$ 75,230	\$ 84,024
State Sources	16,239	-	16,239
Federal Sources	120,343	-	120,343
	<u>145,376</u>	<u>75,230</u>	<u>220,606</u>
Total Revenues			
<b>Expenditures</b>			
Instruction	-	86,551	86,551
Food Service	193,409	-	193,409
	<u>193,409</u>	<u>86,551</u>	<u>279,960</u>
Total Expenditures			
<b>Excess of Revenues Over (Under) Expenditures</b>	(48,033)	(11,321)	(59,354)
<b>Other Financing Sources (Uses)</b>			
Transfers In	55,195	-	55,195
	<u>55,195</u>	<u>-</u>	<u>55,195</u>
Total Other Financing Sources (Uses)			
<b>Net Change in Fund Balances</b>	7,162	(11,321)	(4,159)
<b>Fund Balances, Beginning of Year</b>	66,664	229,597	296,261
<b>Fund Balances, End of Year</b>	<u>\$ 73,826</u>	<u>\$ 218,276</u>	<u>\$ 292,102</u>

**Fremont County School District No. RE-3**  
 Budgetary Comparison Schedule  
 Food Service Fund  
 For the Year Ended June 30, 2024

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>				
<i>Local Sources</i>				
Charges for Services	\$ 29,065	\$ 25,250	\$ 8,790	\$ (16,460)
Investment Income	3	3	4	1
<b>Total Local Sources</b>	<u>29,068</u>	<u>25,253</u>	<u>8,794</u>	<u>(16,459)</u>
<i>State Sources</i>				
Grants	950	950	16,239	15,289
<b>Total State Sources</b>	<u>950</u>	<u>950</u>	<u>16,239</u>	<u>15,289</u>
<i>Federal Sources</i>				
Grants	92,500	101,500	120,343	18,843
<b>Total Federal Sources</b>	<u>92,500</u>	<u>101,500</u>	<u>120,343</u>	<u>18,843</u>
<b>Total Revenues</b>	<u>122,518</u>	<u>127,703</u>	<u>145,376</u>	<u>17,673</u>
<b>Expenditures</b>				
Salaries	79,162	71,000	66,766	4,234
Employee Benefits	31,556	21,000	21,287	(287)
Purchased Services	2,300	4,000	871	3,129
Supplies and Materials	105,500	106,500	104,485	2,015
Operating Reserve	90,964	90,964	-	90,964
<b>Total Expenditures</b>	<u>309,482</u>	<u>293,464</u>	<u>193,409</u>	<u>100,055</u>
<b>Revenues Over (Under) Expenditures</b>	(186,964)	(165,761)	(48,033)	117,728
<b>Transfers</b>	<u>96,000</u>	<u>74,797</u>	<u>55,195</u>	<u>(19,602)</u>
<b>Net Change in Fund Balance</b>	(90,964)	(90,964)	7,162	98,126
<b>Fund Balance, Beginning of Year</b>	<u>90,964</u>	<u>90,964</u>	<u>66,664</u>	<u>(24,300)</u>
<b>Fund Balance, End of Year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 73,826</u>	<u>\$ 73,826</u>

**Fremont County School District No. RE-3**  
 Budgetary Comparison Schedule  
 Student Activity Fund  
 For the Year Ended June 30, 2024

	Original and Final Budget	Actual	Variance <i>Positive</i> <i>(Negative)</i>
<b>Revenues</b>			
Student Activity Revenue	\$ 200,000	\$ 75,230	\$ (124,770)
Total Revenues	200,000	75,230	(124,770)
<b>Expenditures</b>			
Student Activity Expenditures	200,000	86,551	113,449
Operating Reserve	226,225	-	226,225
Total Expenditures and Reserves	426,225	86,551	339,674
<b>Revenues Over (Under) Expenditures</b>	(226,225)	(11,321)	214,904
<b>Net Change in Fund Balance</b>	(226,225)	(11,321)	214,904
<b>Fund Balance, Beginning of Year</b>	226,225	229,597	3,372
<b>Fund Balance, End of Year</b>	\$ -	\$ 218,276	\$ 218,276

## **Compliance Section**



**Colorado Department of Education**  
**Auditors Integrity Report**  
 District: 1160 - Cotopaxi RE-3  
 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	4,363,976		4,371,330	3,453,895		5,281,411
18 Risk Mgmt Sub-Fund of General Fund	0		0	0		0
19 Colorado Preschool Program Fund	0		0	0		0
<b>Sub-Total</b>	<b>4,363,976</b>		<b>4,371,330</b>	<b>3,453,895</b>		<b>5,281,411</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	66,665		200,571	193,409		73,826
22 Govt Designated-Purpose Grants Fund	0		0	0		0
23 Pupil Activity Special Revenue Fund	229,597		75,230	86,550		218,276
25 Transportation Fund	0		0	0		0
31 Bond Redemption Fund	0		0	0		0
39 Certificate of Participation (COP) Debt Service Fund	0		0	0		0
41 Building Fund	0		0	0		0
42 Special Building Fund	0		0	0		0
43 Capital Reserve Capital Projects Fund	0		0	0		0
46 Supplemental Cap Const, Tech, Main Fund	0		0	0		0
<b>Totals</b>	<b>4,660,238</b>		<b>4,647,131</b>	<b>3,733,855</b>		<b>5,573,514</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	0		0	0		0
73 Agency Fund	0		0	0		0
74 Pupil Activity Agency Fund	0		0	0		0
79 GASB 34/Permanent Fund	0		0	0		0
85 Foundations	0		0	0		0
<b>Totals</b>	<b>0</b>		<b>0</b>	<b>0</b>		<b>0</b>
<b>FINAL</b>						

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