

**WEST END SCHOOL DISTRICT RE-2
NUCLA, COLORADO**

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

JUNE 30, 2024

WEST END SCHOOL DISTRICT RE-2

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INDEPENDENT AUDITOR'S REPORT

Board of Education
West End School District RE-2
Nucla, Colorado

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, discretely presented component unit, each major fund, and the aggregate remaining fund information of the West End School District RE-2 (the District) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the basic financial statements of the District, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, discretely presented component unit, each major fund, and the aggregate remaining fund information of the District as of June 30, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis of Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 risk of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

Substantial Doubt about the District’s Discretely Presented Component Unit’s Ability to Continue as a Going Concern

The accompanying financial statements have been prepared assuming that the District’s discretely presented component unit, Paradox Valley Charter School (the School), will continue as a going concern. As discussed in Note 9 to the financial statements, the School closed and transferred operations due to a decline in enrollment, financial, and operational challenges. Management’s evaluation of the events and conditions and management’s plans regarding those matters also are described in Note 9. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.

DMC Auditing and Consulting, LLC

February 14, 2025
Bailey, Colorado

This section of West End Public Schools, RE-2's (District) annual financial report presents our discussion and analysis of the District's financial performance during the year ending June 30, 2024. Please read it in conjunction with the District's statements, which follow this section.

Financial Highlights

- The District's net position is \$44,567,240 which is \$20,052,847 higher than the previous year and represents a significant change. This increase is primarily due to an increase in capital assets tied to the construction of the new PreK-12 grade school and a decrease in the continued impacts of the PERA pension and OPEB standards.
- During the year, the District's General Fund balance increased by \$1,917,731 primarily due to an increase in revenue from state sources related to state equalization increases and the new state MLO match funding, leaving the "total" ending General Fund balance at a healthy \$4,676,935.

Overview of the Financial Statements

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

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 assets, deferred outflows, liabilities, and deferred inflows of the District, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *statement of activities* presents information showing how the net position of the District changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The governmental activities of the District include instructional services, pupil services, instructional staff services, administration services, maintenance services, transportation services, food services and capital asset services.

The government-wide financial statements include not only the District, but also a legally separate entity, Paradox Valley Charter School, for which the District is financially accountable. Financial information for this discretely presented component unit is reported separately from the financial information presented for the District itself. Component unit financial statements are issued separately and may be requested by contacting: West End School District, PO Box 570, Nucla, CO 81424, ph. 970-864-7350. Paradox Valley Charter School was closed at June 30, 2023, and transferred operations to the District (see Note 9 to the financial statements).

Fund Financial Statements. A *fund* is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District are governmental funds.

Governmental Funds. Most of the District's basic services are included in governmental funds, which focus on how money flows into and out of those funds and the balance left at year-end, which are available for spending. These funds are reported using the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general operations and the services it provides. Governmental fund information helps one determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, additional information is provided that explains the relationship (or difference) between them.

The District maintains seven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and Building Fund (Capital Projects Fund) which are considered to be major funds. The other five funds are considered nonmajor along with the discretely presented component unit.

The District adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows were more than liabilities and deferred inflows by \$44,567,240 at the close of the most recent fiscal year. A large portion of the District's net position reflects its investment in capital assets (e.g., land and improvements, buildings, and equipment). The District uses these capital assets to provide services to students; consequently, these assets are *not* available for future spending.

The following table provides a comparison of the District's net position at June 30, 2023, and June 30, 2024.

	2024 Governmental Activities	2023 Governmental Activities	2024 Component Unit	2023 Component Unit
Current and other assets	\$8,144,293	7,876,948	-	212,635
Capital assets, net	<u>44,910,207</u>	<u>26,543,126</u>	-	<u>2,442,520</u>
Total Assets	<u>53,054,500</u>	<u>34,420,074</u>	-	<u>2,655,155</u>
Deferred Outflows	<u>1,412,099</u>	<u>1,111,484</u>	-	<u>136,501</u>
Long Term Liabilities	7,040,343	6,437,389	-	695,306
Other Liabilities	<u>2,491,167</u>	<u>3,781,041</u>	-	<u>14,820</u>
Total Liabilities	<u>9,531,510</u>	<u>10,218,430</u>	-	<u>709,586</u>
Deferred Inflows	<u>367,849</u>	<u>798,735</u>	-	<u>196,472</u>
Net Position				
Net Investment in capital assets	44,054,054	26,105,890	-	2,442,520
Restricted	438,913	1,222,944	-	16,818
Unrestricted	<u>74,273</u>	<u>(2,814,441)</u>	-	<u>(573,739)</u>
Total Net Position at June 30	<u>44,567,240</u>	<u>24,514,393</u>	-	<u>1,885,599</u>

The following table provides a summary of the changes in net position. Following this table is a specific discussion related to overall revenues and expenses.

	2024	2023	2024	2023
	Governmental	Governmental	Component	Component
	Activities	Activities	Unit	Unit
REVENUES				
Program Revenues				
Charges for Services	196,358	61,384	2,244	25,484
Operating grants and contributions	944,814	1,237,917	4	111,515
Capital grants and contributions	16,810,208	20,914,852	-	6,904
Property Taxes	905,931	905,937	-	15,698
State Equalization	3,324,598	2,889,523	-	271,782
Other	843,484	503,631	-	6,916
Special Item				
Transfer of Operations	<u>1,837,312</u>	-	<u>(1,837,312)</u>	-
TOTAL REVENUES	<u>26,513,244</u>	<u>26,513,244</u>	<u>(1,837,312)</u>	<u>438,299</u>
EXPENSES				
Instruction	2,711,366	1,951,618	-	471,065
Support Services	1,945,758	1,924,122	50,535	-
Food Service	121,603	116,604	-	-
Interest on Long-Term Debt	<u>31,131</u>	-	-	-
TOTAL EXPENSES	<u>4,809,858</u>	<u>4,032,492</u>	<u>50,535</u>	<u>471,065</u>
Increase(decrease) in net				
Position	20,052,847	22,480,752	(1,885,599)	(32,766)
Net Position-beginning	24,514,393	1,812,076	1,885,599	2,060,440
Correction of an error	-	<u>221,565</u>	-	<u>(32,766)</u>
Net Position-Ending	<u>44,567,240</u>	<u>24,514,393</u>	-	<u>1,885,599</u>

The District's net position is \$44,567,240 at the end of the current fiscal year, a change in net position of \$20,052,847. The following discussion and analysis on governmental activities focuses on the change in net position.

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

- The total Governmental Activities Expenses includes services in the following areas: instruction, supporting services, food service, and interest on long-term debt.
- The current year's Program Revenues which include Charges for Services, Operating Grants/Contributions, and Capital Grants/Contributions decreased by \$4,262,773 primarily due to the less draws on the BEST capital grant and completion of the new school building in FY 2024, while the General Revenues which include: State Equalization, Property Taxes, Investment Earnings, Specific Ownership Taxes, and other general revenues increased \$774,922 due primarily to increases in state equalization, property tax, and investment earnings.
- There was a significant increase of \$18,634,426 to the District's total Assets in both capital assets and grants receivable related to the construction of a new school.
- Total Liabilities are \$9,531,510 which is a decrease of \$686,920 primarily due to the completion of construction of the new school.

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

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$5,525,877, a total increase of \$1,465,793. *Unassigned fund balance* is \$4,388,607. Restricted for TABOR is \$184,000. Other Restricted funds include the Preschool at \$104,328, Food Service at \$2,647, Debt Services at \$150,282, and Capital Reserve Projects at \$461,163. Assigned fund balance included Student Activities at \$124,928 and capital reserve projects \$102,962. Lastly, \$6,960 is non-spendable related to food service inventories.

The General Fund is the chief operating fund of the District. At the end of the current fiscal year, the unassigned fund balance of the General Fund had a balance of \$5,525,877. Total unassigned fund balance was \$4,388,607 at June 30, 2024.

The unassigned fund balance of the District's General Fund increased by \$1,808,195 during the current fiscal year.

Capital Asset and Debt Administration

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$44,910,207, net of accumulated depreciation.

By the end of 2024, the District's investment in capital assets for its governmental activities as of June 30, 2024, amounts to \$44,054,054, an increase of \$17,948,164. This investment in capital assets includes land, parking lots, buildings, building and land improvements, vehicles, and equipment.

The District issued general obligation bonds, Series 2022 with a par value of \$993,142 with an interest rate of 2.135%. Principal and interest payments are made semi-annually on June 1 and December 1 over 20 years with final payment on December 1, 2041. Included with the bond is a supplemental loan with a par value of \$450,000 with a 2.135% interest rate. Annual principal and interest payments are to be paid annually with a final payment due December 1, 2033. These debt issuances are to be utilized to build a new Prek-12 grade school which began construction in fiscal year 2021-22, continued into 2022-2023, 2023-2024, and is expected to be completed in fiscal year 2024-2025. With the addition of the bond and supplemental loan after the reduction of \$41,921 is a debt total of \$1,317,316 at the end of June 30, 2024, amounts due within one year are \$78,168.

Factors Bearing on the District's Future

At the time these financial statements were prepared and audited, the District was aware of the following circumstances that could significantly affect its financial health in the future:

- The District's continuing fluctuation in student enrollment may increase or decrease due to other school districts in our area.
- Sustaining current programs and staff with the possibility of the continued decline in employment experienced by the area.
- Lack of economic growth in our area may continue to play a role in declined student counts.
- The impact of the BEST Grant and the construction of the new school that began in June/July 2022. The district is optimistic that this new school will attract new families to the area, thus increasing student enrollment and school funding.
- The impact of the current escalation and inflation rates that directly affect the construction costs of the new Prek-12 grade school to be completed during FY 2024-2025. These increased costs affect the decision making, particularly due to the revenue from the sale of land and buildings and how the District plans to utilize that revenue.
- Paradox Valley Charter School's residual assets will transfer to the West End School District RE-2 upon dissolution. See Note 9 in the notes to the financial statements.

Request for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning any of the information in this report or requests for additional financial information should be addressed to the Superintendent, PO Box 570, 225 West 4th Avenue, Nucla, CO 81424.

BASIC FINANCIAL STATEMENTS

WEST END SCHOOL DISTRICT RE-2

STATEMENT OF NET POSITION

June 30, 2024

	PRIMARY GOVERNMENT	COMPONENT UNIT
	<u>GOVERNMENTAL ACTIVITIES</u>	<u>PARADOX VALLEY CHARTER SCHOOL</u>
ASSETS		
Cash and Investments	\$ 5,697,326	\$ -
Accounts Receivable	17,175	-
Grants Receivable	2,267,718	-
Taxes Receivable	155,114	-
Inventories	6,960	-
Capital Assets, <i>Not Being Depreciated</i>	286,700	-
Capital Assets, <i>Net of Accumulated Depreciation</i>	<u>44,623,507</u>	<u>-</u>
TOTAL ASSETS	<u>53,054,500</u>	<u>-</u>
DEFERRED OUTFLOWS OF RESOURCES		
Pensions, <i>Net of Accumulated Amortization</i>	1,387,131	-
OPEB, <i>Net of Accumulated Amortization</i>	<u>24,968</u>	<u>-</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>1,412,099</u>	<u>-</u>
LIABILITIES		
Accounts Payable	1,204,268	-
Retainage Payable	1,088,209	-
Accrued Salaries and Benefits	172,921	-
Accrued Interest Payable	2,344	-
Unearned Revenue	23,425	-
Long-Term Liabilities		
Due Within One Year	104,844	-
Due in More Than One Year	1,239,148	-
Net Pension Liability	5,562,050	-
Net OPEB Liability	<u>134,301</u>	<u>-</u>
TOTAL LIABILITIES	<u>9,531,510</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES		
Pensions, <i>Net of Accumulated Amortization</i>	296,922	-
OPEB, <i>Net of Accumulated Amortization</i>	<u>70,927</u>	<u>-</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>367,849</u>	<u>-</u>
NET POSITION		
Net Investment in Capital Assets	44,054,054	-
Restricted for:		
Emergencies	184,000	-
Preschool	104,328	-
Food Service	2,647	-
Debt Service	147,938	-
Unrestricted	<u>74,273</u>	<u>-</u>
TOTAL NET POSITION	<u>\$ 44,567,240</u>	<u>\$ -</u>

WEST END SCHOOL DISTRICT RE-2
STATEMENT OF ACTIVITIES
Year Ended June 30, 2024

	PROGRAM REVENUES			CAPITAL		NET (EXPENSE) REVENUE AND CHANGE IN NET POSITION	
FUNCTIONS / PROGRAMS	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	GRANTS AND CONTRIBUTIONS	GOVERNMENT ACTIVITIES	COMPONENT UNIT	
PRIMARY GOVERNMENT							
Governmental Activities							
Instruction	\$ 2,711,366	\$ 32,394	\$ 782,497	\$ -	\$ (1,896,475)		\$ -
Supporting Services	1,945,758	163,400	38,710	16,810,208	15,066,560		(48,314)
Food Services	121,603	564	123,607	-	2,568		27
Interest on Long-Term Debt	31,131	-	-	-	(31,131)		-
TOTAL PRIMARY GOVERNMENT	\$ 4,809,858	\$ 196,358	\$ 944,814	\$ 16,810,208	13,141,522		(48,287)
COMPONENT UNIT	\$ 50,535	\$ 2,244	\$ 4	\$ -	-		(48,287)
GENERAL REVENUES							
Local Property Taxes					905,931		-
Specific Ownership Taxes					129,420		-
State Equalization					3,324,598		-
Mill Levy Supplemental					474,062		-
Investment Income					185,707		-
Other					54,295		-
SPECIAL ITEM							
Transfer of Operations from Charter School					1,837,312		(1,837,312)
TOTAL GENERAL REVENUES					6,911,325		(1,837,312)
CHANGE IN NET POSITION					20,052,847		(1,885,599)
NET POSITION, Beginning					24,514,393		1,885,599
NET POSITION, Ending					\$ 44,567,240		\$ -

WEST END SCHOOL DISTRICT RE-2

BALANCE SHEET

GOVERNMENTAL FUNDS

June 30, 2024

	<u>GENERAL</u>	<u>BUILDING</u>	<u>NONMAJOR GOVERNMENTAL FUNDS</u>	<u>TOTAL</u>
ASSETS				
Cash and Investments	\$ 4,661,682	\$ 661,698	\$ 373,946	\$ 5,697,326
Accounts Receivable	17,175	-	-	17,175
Taxes Receivable	133,565	-	21,549	155,114
Grants Receivable	109,512	2,035,094	123,112	2,267,718
Interfund Receivable	114,554	-	-	114,554
Inventories	-	-	6,960	6,960
TOTAL ASSETS	<u><u>\$ 5,036,488</u></u>	<u><u>\$ 2,696,792</u></u>	<u><u>\$ 525,567</u></u>	<u><u>\$ 8,258,847</u></u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 53,535	\$ 1,147,420	\$ 3,313	\$ 1,204,268
Retainage Payable	-	1,088,209	-	1,088,209
Accrued Salaries and Benefits	165,856	-	7,065	172,921
Interfund Payable	-	-	114,554	114,554
Unearned Revenue	23,425	-	-	23,425
TOTAL LIABILITIES	<u>242,816</u>	<u>2,235,629</u>	<u>124,932</u>	<u>2,603,377</u>
DEFERRED INFLOWS OF RESOURCES				
Property Tax	116,737	-	12,856	129,593
FUND BALANCES				
Nonspendable Inventories	-	-	6,960	6,960
Restricted for:				
Emergencies	184,000	-	-	184,000
Preschool	104,328	-	-	104,328
Capital Projects	-	461,163	-	461,163
Food Services	-	-	2,647	2,647
Debt Service	-	-	150,282	150,282
Assigned to:				
Student Activities	-	-	124,928	124,928
Capital Projects	-	-	102,962	102,962
Unassigned	4,388,607	-	-	4,388,607
TOTAL FUND BALANCES	<u>4,676,935</u>	<u>461,163</u>	<u>387,779</u>	<u>5,525,877</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u><u>\$ 5,036,488</u></u>	<u><u>\$ 2,696,792</u></u>	<u><u>\$ 525,567</u></u>	<u><u>\$ 8,258,847</u></u>

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

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

Total Fund Balances of Governmental Funds	\$	5,525,877
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds.		44,910,207
Long-term assets are not available to pay current year expenditures and, therefore, are deferred in governmental funds. This amount represents property taxes earned but not available as current financial resources.		129,593
Long-term liabilities and related items are not due and payable in the current year and, therefore, are not reported in governmental funds:		
Accrued Interest Payable		(2,344)
Bonds Payable		(1,317,316)
Accrued Compensated Absences		(26,676)
Net Pension Liability		(5,562,050)
Pension-Related Deferred Outflows of Resources		1,387,131
Pension-Related Deferred Inflows of Resources		(296,922)
Net OPEB Liability		(134,301)
OPEB-Related Deferred Outflows of Resources		24,968
OPEB-Related Deferred Inflows of Resources		(70,927)
		44,567,240
Total Net Position of Governmental Activities	\$	44,567,240

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

	GENERAL	BUILDING	NONMAJOR GOVERNMENTAL FUNDS	TOTAL
REVENUES				
Local Sources	\$ 1,360,906	\$ 17,639	\$ 230,126	\$ 1,608,671
County Sources	226	-	-	226
State Sources	4,215,444	16,709,982	34,625	20,960,051
Federal Sources	152,305	-	212,095	364,400
	<u>5,728,881</u>	<u>16,727,621</u>	<u>476,846</u>	<u>22,933,348</u>
TOTAL REVENUES				
EXPENDITURES				
Current				
Instruction	1,703,405	-	220,476	1,923,881
Supporting Services	2,168,901	-	11,241	2,180,142
Food Services	-	-	138,018	138,018
Capital Outlay	45,244	17,223,072	220	17,268,536
Debt Service				
Principal	34,613	-	41,921	76,534
Interest and Fiscal Charges	9,055	-	21,457	30,512
	<u>3,961,218</u>	<u>17,223,072</u>	<u>433,333</u>	<u>21,617,623</u>
TOTAL EXPENDITURES				
EXCESS REVENUES OVER (UNDER) EXPENDITURES				
	<u>1,767,663</u>	<u>(495,451)</u>	<u>43,513</u>	<u>1,315,725</u>
SPECIAL ITEM				
Transfer of Operations from Charter School	<u>150,068</u>	<u>-</u>	<u>-</u>	<u>150,068</u>
CHANGE IN FUND BALANCES				
	1,917,731	(495,451)	43,513	1,465,793
FUND BALANCES, Beginning	<u>2,759,204</u>	<u>956,614</u>	<u>344,266</u>	<u>4,060,084</u>
FUND BALANCES, Ending	<u>\$ 4,676,935</u>	<u>\$ 461,163</u>	<u>\$ 387,779</u>	<u>\$ 5,525,877</u>

WEST END SCHOOL DISTRICT RE-2

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2024**

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

Net Change in Fund Balances of Governmental Funds \$ 1,465,793

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as follows:

Capital Outlay	17,223,071
Depreciation	(1,265,942)
Loss on Disposal of Capital Assets	-
SPECIAL ITEM: Transfer of Operations from Charter School	1,687,244

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. 92,045

The repayment of long-term debt principal is an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net position and does not affect the statement of activities. 76,534

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

This includes the changes in the following:

Accrued Interest Payable	(619)
Accrued Compensated Absences	324
Gain from Transfer of Operations (Pension Liability)	755,276
Net Pension Liability	(710,956)
Pension-Related Deferred Outflows of Resources	310,424
Pension-Related Deferred Inflows of Resources	420,562
Net OPEB Liability	31,144
OPEB-Related Deferred Outflows of Resources	(9,809)
OPEB-Related Deferred Inflows of Resources	10,324

Change in Net Position of Governmental Activities \$ 20,085,415

WEST END SCHOOL DISTRICT RE-2
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 1: Summary of Significant Accounting Policies

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

Reporting Entity

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

The Legislature of the State of Colorado enacted the "Charter School Act – Colorado Revised Statutes (CRS) Section 22-30.5-101" in 1993. This Act permits the District to contract with individuals and organizations for the operation of schools within the District. The statutes define these contracted schools as "Charter Schools." Charter schools are financed from a portion of the District's School Finance Act revenues and from revenues generated by the charter schools, within the limits established by the Charter School Act. Charter Schools have separate governing boards; however, the District's Board of Education must approve all Charter School applications and budgets. The Paradox Valley Charter School (PVCS), a 501(c)(3) organization, entered into a contract with the District in accordance with Colorado State statutes. On June 22, 2023, the School's Board of Directors approved the dissolution of PVCS upon the completion of the annual audit and IRS 990 Tax Return. As of July 1, 2023, PVCS transferred its assets and liabilities to the District. The component unit column in the government-wide financial statements is the financial data of PVCS, the District's only discretely presented component unit. Complete financial statements for PVCS are available through the school's administrative office at P.O. Box 420, Paradox, Colorado 81429, phone 970-864-7350.

Government-wide and Fund Financial Statements

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

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

WEST END SCHOOL DISTRICT RE-2
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 1: Summary of Significant Accounting Policies (Continued)

Government-wide and Fund Financial Statements (Continued)

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

The *General Fund* is the District's primary operating fund. It accounts for all financial resources of the District, except those accounted for in another fund.

The *Building Fund* is used to account for revenue and expenses related to the construction of the new school building.

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collected within the current year or soon enough thereafter to pay liabilities of the current year. For this purpose, the District considers property tax revenues to be available if they are collected within 60 days of the end of the current year. The District considers all other revenues to be available if they are collected within 60 days of the end of the current year and 180 days of the end of the current year for grants.

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

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

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

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

Cash and Investments – The District utilizes the pooled cash concept whereby cash balances of each of the District's funds are pooled and invested by the District. Investments are reported at fair value.

WEST END SCHOOL DISTRICT RE-2
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 1: Summary of Significant Accounting Policies (Continued)

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

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

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

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 cost on a first-in, first-out (FIFO) basis, and consist of purchased and donated commodities. Purchased inventories are recorded at cost. Donated inventories, received at no cost under a program supported by the federal government, are valued at the cost furnished by the federal government.

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

Land Improvements	10-20 years
Buildings and Building Improvements	7-40 years
Vehicles	5-10 years
Equipment	5-20 years

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

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

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

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

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

WEST END SCHOOL DISTRICT RE-2
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 – Discretionary leave vests and accumulates up to 30 days and can be paid through the District buy-back program. This program generally pays at a rate of \$40 per day. The employee can choose to be paid annually or can accumulate up to 30 days and then be paid any excess days annually. Any days at termination or retirement are paid at the same \$40 per day rate. Additional amounts may be paid out to employees who are retiring in accordance with PERA guidelines or employees who were under old policies prior to the 2003 adoption date of the above policy.

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

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

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

Net Position/Fund Balances - In the government-wide and fund financial statements, net position and fund balances are restricted when constraints placed on the use of resources are externally imposed. In the fund financial statements, governmental funds report committed fund balances when the Board of Education formally commits resources for a specific purpose through passage of a resolution.

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

Property Taxes

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

WEST END SCHOOL DISTRICT RE-2
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 2: Cash and Investments

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

Deposits	\$ 1,578,852
Investments	4,118,474
Total	\$ 5,697,326

Deposits

The Colorado Public Deposit Protection Act (PDPA) requires local government entities to deposit cash in eligible public depositories. Eligibility is determined by State regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. The PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution or held in trust for all uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. At June 30, 2024, the District had bank deposits of \$1,354,185 collateralized with securities held by the financial institution’s agent but not in the District’s name.

Investments

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

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

Local Government Investment Pool - At June 30, 2023, the District had \$4,118,474 invested in the Colorado Local Government Liquid Asset Trust Plus (ColoTrust). ColoTrust is an investment vehicle established for local government entities in Colorado to pool surplus funds. The Colorado Division of Securities administers and enforces the requirements of creating and operating ColoTrust. ColoTrust operates in conformity with the Securities and Exchange Commission’s Rule 2a-7. ColoTrust is measured at the net asset value per share, with each share valued at \$1. ColoTrust is rated AAAM by Standard and Poor’s. Investments of ColoTrust 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.

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

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.

WEST END SCHOOL DISTRICT RE-2
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 2: Cash and Investments (Continued)

Investments (Continued)

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

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

NOTE 3: Capital Assets

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

	Balance 6/30/23	Additions	Deletions	Balance 6/30/24
Governmental Activities				
Capital Assets, Not Being Depreciated				
Land	\$ 286,700	\$ -	\$ -	\$ 286,700
Construction in Progress	24,875,764	17,223,071	42,098,835	-
Total Capital Assets, Not Being Depreciated	<u>25,162,464</u>	<u>17,223,071</u>	<u>42,098,835</u>	<u>286,700</u>
Capital Assets, Being Depreciated				
Buildings and Improvements	4,397,235	44,506,555	1,049,476	47,854,314
Land Improvements	72,689	-	28,911	43,778
Vehicles and Equipment	1,137,539	34,800	139,945	1,032,394
Total Capital Assets, Being Depreciated	<u>5,607,463</u>	<u>44,541,355</u>	<u>1,218,332</u>	<u>48,930,486</u>
Less Accumulated Depreciation				
Buildings and Improvements	(3,285,578)	(1,227,157)	(1,016,908)	(3,495,827)
Land Improvements	(68,731)	(950)	(28,911)	(40,770)
Vehicles and Equipment	(872,492)	(37,835)	(139,945)	(770,382)
Total Accumulated Depreciation	<u>(4,226,801)</u>	<u>(1,265,942)</u>	<u>(1,185,764)</u>	<u>(4,306,979)</u>
Total Capital Assets, Being Depreciated, Net	<u>1,380,662</u>	<u>43,275,413</u>	<u>32,568</u>	<u>44,623,507</u>
Total Capital Assets, Governmental Activities, Net	<u>\$ 26,543,126</u>	<u>\$ 60,498,484</u>	<u>\$ 42,131,403</u>	<u>\$ 44,910,207</u>

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

Instruction	\$ 1,227,157
Support	38,114
Food Service	671
Total	<u>\$ 1,265,942</u>

NOTE 4: Interfund Balances and Transfers

At June 30, 2024, the General Fund temporarily subsidized the operations of the Grants Fund in the amount of \$114,554 until certain grants were reimbursed to the District after year-end.

WEST END SCHOOL DISTRICT RE-2
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 5: Long-Term Debt

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

	Balance 6/30/2023	Additions	Reductions	Balance 6/30/2024	Due in One Year
Governmental Activities					
G.O. Loan, Series 2022	\$ 969,744	\$ -	\$ 41,921	\$ 927,823	\$ 42,816
G.O. Bond, Series 2022B	424,106	-	34,613	389,493	35,352
Compensated Absences	27,000	-	324	26,676	26,676
Total Long-Term Debt	\$ 1,420,850	\$ -	\$ 76,858	\$ 1,343,992	\$ 104,844

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

On January 25, 2022, the District issued General Obligation Bonds, Series 2022, in the amount of \$993,142 to finance the local match of the BEST grant award to construct the new school. Principal payments are due annually on December 1, through 2041. Interest payments are due semi-annually on June 1st and December 1st, with interest accruing at 2.135% per annum. The full faith and credit of the District is pledged for the payment of the principal and interest on these bonds with ad valorem taxes on all of the taxable property in the District.

On January 25, 2022, the District entered into a 12-year General Obligation Loan, Series 2022B, with Citizens State Bank in the amount of \$450,000 to additionally finance the local match of the BEST grant award to construct the new school. Principal payments are due annually on December 1, through 2033. Interest payments are due semi-annually on June 1st and December 1st, with interest accruing at 2.135% per annum. The full faith and credit of the District is pledged for the payment of the principal and interest on this loan with ad valorem taxes on all of the taxable property in the District. Bond payments to maturity are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 78,168	\$ 27,290	\$ 105,458
2026	79,837	25,604	105,441
2027	81,541	23,881	105,422
2028	83,282	22,121	105,403
2029	85,060	20,324	105,384
2030-2034	453,329	73,294	526,623
2035-2039	275,970	34,208	310,178
2040-2042	180,129	5,823	185,952
Total	\$ 1,317,316	\$ 232,545	\$ 1,549,861

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 for all risks of loss except workers' compensation, for which it utilizes a commercial insurance carrier.

WEST END SCHOOL DISTRICT RE-2
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 6: Risk Management (Continued)

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

NOTE 7: Defined Benefit Pension Plan

General Information

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

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

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

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

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

WEST END SCHOOL DISTRICT RE-2
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 7: Defined Benefit Pension Plan (Continued)

General Information (Continued)

Contributions provisions as of June 30, 2024 - The District, State, and eligible employees are required to contribute to the SDTF at rates established by Title 24, Article 51, Part 4 of the CRS. These contribution requirements are established and may be amended by the State Legislature. The contribution rate for employees was 11% for the period from July 1, 2023, through June 30, 2024. The District's contribution rate for the fiscal year was 21.40% of covered salaries. However, a portion of the District's contribution (1.02% of covered salaries) is allocated to the Health Care Trust Fund (Note 8). The District's contributions to the SDTF for the year ended June 30, 2024, were \$407,827, equal to the required contributions.

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

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

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

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

At December 31, 2023, the District's proportion was 0.0314534705%, which was an increase of 0.0048129621% from its proportion measured at December 31, 2023.

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

District's proportionate share of the net pension liability	\$ 5,562,050
State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the District	<u>3,875,111</u>
Total	<u><u>\$ 9,437,161</u></u>

WEST END SCHOOL DISTRICT RE-2
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)

For the year ended June 30, 2024, the District recognized pension expense of \$710,956 and a revenue of (\$730,984) 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	\$ 263,747	\$ -
Net difference between projected and actual earnings on plan investments	398,709	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	514,182	296,922
Contributions subsequent to the measurement date	210,493	-
Total	\$ 1,387,131	\$ 296,922

District contributions subsequent to the measurement date of \$210,493 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		\$	100,101
2026			445,573
2027			445,214
2028			(111,172)
Total		\$	879,716

Actuarial Assumptions - The actuarial valuation as of December 31, 2022, determined the total pension liability 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 1/1/07		
thereafter, compounded annually		1.00%
Hired after 12/31/06		Financed by the AIR

WEST END SCHOOL DISTRICT RE-2
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)

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

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

Post-retirement non-disabled mortality assumptions were based upon the PubT-2010 Healthy Retiree Table, adjusted as follows: 1) males: 112% of the rates prior to age 80 and 94% of the rates for ages 80 and older, with generational projection using scale MP-2019 and 2) females: 83% of the rates prior to age 80 and 106% of the rates for ages 80 and older, with generational projection using scale MP-2019.

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

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

The actuarial assumptions used in the December 31, 2022, valuation were based on the results of the 2020 experience analysis for the period January 1, 2016, through December 31, 2019, and were reviewed and adopted by the PERA Board at their November 20, 2020, meeting.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared at least every five years and asset/liability studies performed every three to five years for PERA. Recently this assumption has been reviewed more frequently. The most recent analyses were outlined in the Experience Study report dated October 28, 2020.

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

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

WEST END SCHOOL DISTRICT RE-2
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)

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

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

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

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

WEST END SCHOOL DISTRICT RE-2
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)

- District contributions and the amount of total service costs for future plan participants were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The annual increase reserve balance was excluded from the initial fund net position, as, per statute, annual increase reserve amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. Annual increase reserve transfers to the fiduciary net position and the subsequent annual increase reserve benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the middle of the year.
- Beginning with the December 31, 2023, measurement date and thereafter, the fiduciary net position as of the current measurement date is used as a starting point for the GASB 67 projection test.

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

Sensitivity of the District’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the District’s proportionate share of the net pension liability calculated using the discount rate of 7.25%, as well as the District’s proportionate share of the net pension liability if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, as follows:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	\$ 7,437,386	\$ 5,562,050	\$ 3,998,247

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

WEST END SCHOOL DISTRICT RE-2
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 8: Postemployment Healthcare Benefits

General Information

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

Benefits Provided - The HCTF provides a healthcare premium subsidy to eligible participating benefit recipients and retirees who choose to enroll in one of the PERA health care plans. However, the subsidy is not available if only enrolled in the dental and/or vision plan(s). Eligibility to enroll is voluntary and includes benefit recipients, their eligible dependents, and surviving spouses, among others. Eligible benefit recipients may enroll in the HCTF upon retirement, upon the occurrence of certain life events, or on an annual basis during an open enrollment period. The health care premium subsidy is based on the benefit structure under which the member retires and the member's years of service credit.

CRS § 24-51-1202 et seq. specifies the eligibility for enrollment in the health care plans offered by PERA and the amount of the premium subsidy. The law governing a benefit recipient's eligibility for the subsidy and the amount of the subsidy differs slightly depending under which benefit structure the benefits are calculated. All benefit recipients under the PERA benefit structure are eligible for a premium subsidy, if enrolled in a health care plan under PERACare. The basis for the amount of the premium subsidy funded by each trust fund is the percentage of the member contributions account balance from each division as it relates to the total member contribution account balance from which the retirement benefit is paid.

PERA Benefit Structure - The maximum service-based premium subsidy is \$230 per month for benefit recipients who are under 65 years of age and who are not entitled to Medicare, and \$115 per month for benefit recipients who are over 65 years of age or who are under 65 years of age and entitled to Medicare. The maximum subsidy is based on 20 or more years of service. The subsidy is reduced by 5% for each year of service less than 20 years. The benefit recipient pays the remaining portion of the premium not covered by the subsidy.

For benefit recipients who have not participated in Social Security and who are not otherwise eligible for premium-free Medicare Part A for hospital-related services, CRS § 24-51-12-6(4) provides an additional subsidy. According to the State statute, PERA cannot charge premiums to benefit recipients without Medicare Part A that are greater than premiums charged to benefit recipients with Part A for the same plan option, coverage level, and service credit. Currently, for each individual PERACare enrollee, the total premium for Medicare coverage is determined assuming plan participants have both Medicare Part A and Part B and the difference in premium cost is paid by the HCTF on behalf of recipients not covered by Medicare Part A.

Contributions - As established by Title 24, Article 51, Section 208(1)(f) of the CRS, as amended, 1.02% of the District's contributions to the School Division Trust Fund (SDTF) (Note 7) are apportioned to the HCTF. No employee contributions are required. These contribution requirements are established and may be amended by the State Legislature. The District's apportionment to the HCTF for the year ended June 30, 2024, was \$18,774, equal to the required amount.

WEST END SCHOOL DISTRICT RE-2
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

At June 30, 2024, the District reported a net OPEB liability of \$134,301, representing its proportionate share of the net OPEB liability of the HCTF. The net OPEB liability was measured at December 31, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2022. Standard update procedures were used to roll forward the total OPEB liability to December 31, 2023.

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

At December 31, 2023, the District's proportion was 0.0188168629%, which was a decrease of 0.0014463980% from its proportion measured at December 31, 2022.

For the year ended June 30, 2024, the District recognized OPEB expense of (\$31,144). 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	\$ -	\$ 27,527
Changes of assumptions and other inputs	1,578	14,241
Net difference between projected and actual earnings on plan investments	4,152	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	8,703	29,159
Contributions subsequent to the measurement date	10,535	-
Total	\$ 24,968	\$ 70,927

District contributions subsequent to the measurement date of \$10,535 will be recognized as a reduction of the net OPEB liability in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

<u>Year Ended June 30,</u>			
2025		\$	(21,190)
2026			(12,700)
2027			(9,065)
2028			(8,194)
2029			(3,785)
2030			(1,560)
Total		\$	(56,494)

WEST END SCHOOL DISTRICT RE-2
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 actuarial valuation as of December 31, 2022, determined the total OPEB liability using the following actuarial cost method, actuarial assumptions, and other inputs, applied to all periods included in the measurement.

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

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

Annually, the per capita health care costs are developed by plan option. At December 31, 2023, the plan options include 2022 premium rates for the UnitedHealthcare Medicare Advantage Prescription Drug (MAPD) PPO plan #1, the UnitedHealthcare MAPD PPO plan #2, and the Kaiser Permanente MAPD HMO plan. Actuarial morbidity factors are then applied to estimate individual retiree and spouse costs by age, gender, and health care cost trend. This approach applies to all members and is adjusted accordingly for those not eligible for premium-free Medicare Part A for the PERA benefit structure.

Age-Related Morbidity Assumptions

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

WEST END SCHOOL DISTRICT RE-2
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)

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

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

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

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

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

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

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

WEST END SCHOOL DISTRICT RE-2
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)

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

Mortality assumptions used in the December 31, 2022, valuation for the determination of the total pension liability, reflect generational mortality and were applied, as applicable, in the determination of the total OPEB liability for the HCTF, but developed using a headcount-weighted basis. SDTF participates in the HCTF (Note 7).

The pre-retirement mortality assumptions for the SDTF were based upon the PubT-2010 Employee Table with generational projection using scale MP-2019. Post-retirement non-disabled mortality assumptions for the SDTF were based upon the PubT-2010 Healthy Retiree Table, adjusted as follows: 1) males: 112% of the rates prior to age 80 and 94% of the rates for ages 80 and older, with generational projection using scale MP-2019 and 2) females: 83% of the rates prior to age 80 and 106% of the rates for ages 80 and older, with generational projection using scale MP-2019.

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

The health care costs assumptions were updated and used in the roll-forward calculation for the HCTF. Per capita health care costs as of the December 31, 2022, valuation date for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits were updated to reflect the costs for the 2023 plan year. The

WEST END SCHOOL DISTRICT RE-2
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)

morbidity rates used to estimate individual retiree and spouse costs by age and by gender were updated effective for the December 31, 2022, actuarial valuation. The revised morbidity rate factors are based on a review of historical claims experience by age, gender, and status from actuary's claims data warehouse. The healthcare cost trend rates applicable to health care premiums were revised to reflect the then-current expectation of future increases in those premiums.

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

The actuarial assumptions used in the December 31, 2022, valuations were based on the results of the 2020 experience analysis, dated October 28, 2020, and November 4, 2020, for the period January 1, 2016, through December 31, 2019, and were reviewed and adopted by the PERA Board at their November 20, 2020, meeting.

The long-term expected return on plan assets is reviewed as part of regular experience studies performed at least every five years, and asset/liability studies, performed every three to five years for PERA. The most recent analyses were outlined in the Experience Study report dated October 28, 2020.

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

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

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

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

WEST END SCHOOL DISTRICT RE-2
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 total OPEB liability was 7.25%. The projection of cash flows used to determine the discount rate applied the actuarial cost method and assumptions. In addition, the following methods and assumptions were used in the projection of cash flows:

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2023, measurement date.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3%.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Estimated transfers of dollars into the HCTF representing a portion of purchase service agreements intended to cover the costs associated with OPEB benefits.
- Benefit payments and contributions were assumed to be made at the middle of the year.
- Beginning with the December 31, 2023, measurement date and thereafter, the fiduciary net position as of the current measurement date is used as a starting point for the GASB 74 projection test.
- As of December 31, 2023, measurement date, the fiduciary net position and related disclosure components for the HCTF reflect payments related to disaffiliation of Tri-County Health Department as a PERA-affiliated employer, effective December 31, 2022. As of December 31, 2023, PERA recognized two additions for accounting and financial reporting purposes: a \$24 million payment received on December 4, 2023, and a \$2 million receivable. The employer disaffiliation payment and receivable allocations to the HCTF and Local Government Division Trust Fund were \$1.033 million and \$24.967 million, respectively.

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

WEST END SCHOOL DISTRICT RE-2
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 the net OPEB liability to changes in the Health Care Cost Trend Rates. The following presents the net OPEB liability using the current health care cost trend rates applicable to the PERA benefit structure, as well as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rates:

	<u>1% Decrease in Trend Rates</u>	<u>Current Trend Rates (7.25%)</u>	<u>1% Increase in Trend Rates</u>
Initial PERACare Medicare trend rate	5.75%	6.75%	7.75%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	2.50%	3.50%	4.50%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability	<u>\$ 130,446</u>	<u>\$ 134,301</u>	<u>\$ 138,494</u>

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

	<u>1% Decrease (6.25%)</u>	<u>Current Discount Rate (7.25%)</u>	<u>1% Increase (8.25%)</u>
Proportionate share of the net OPEB liability	<u>\$ 158,626</u>	<u>\$ 134,301</u>	<u>\$ 113,491</u>

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

NOTE 9: SPECIAL ITEM - Transfer of Operations from the Charter School

Paradox Valley Charter School's (PVCS) operations were a going concern as of June 30, 2023. On June 22, 2023, the PVCS's Board of Directors approved the dissolution of the school upon the completion of the annual audit and IRS Form 990 Tax Return.

At June 30, 2024, the PVCS transferred its assets and liabilities to the District due to a decline in enrollment, financial, and operational challenges. The District recognized a transfer of \$150,068 reported in the governmental funds and \$1,837,312 reported in the government-wide financial statements. At June 30, 2024, the transfers of operations from PVCS were reported as follows:

WEST END SCHOOL DISTRICT RE-2
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 9: SPECIAL ITEM - Transfer of Operations from the Charter School (Continued)

	General Fund	Governmental Activities
Transferred Assets		
Cash and Investments	\$ 150,068	\$ 150,068
Transferred Capital Assets (Net)		
Buildings and Improvements	-	2,407,718
Vehicles and Equipment	-	34,802
Total Capital Assets (Net)	-	2,442,520
Transferred Deferred Outflows of Resources		
Deferred Outflows of Resources, Pensions	-	133,461
Deferred Outflows of Resources, OPEB	-	3,041
Total Deferred Outflows of Resources	-	136,502
Transferred Liabilities		
Net Pension Liability	-	672,375
Net OPEB Liability	-	22,931
Total Liabilities	-	695,306
Transferred Deferred Inflow of Resources		
Deferred Inflows of Resources, Pensions	-	170,340
Deferred Inflows of Resources, OPEB	-	26,132
Total Deferred Inflow of Resources	-	196,472
Fund Balance / Net Position of Transferred Operations	\$ 150,068	\$ 1,837,312

NOTE 10: 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.

WEST END SCHOOL DISTRICT RE-2
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 10: Commitments and Contingencies (Continued)

Tabor Amendment

In November 1992, Colorado voters passed Article X, Section 20 (the Amendment) to the State Constitution which limits state and local government taxing powers and imposes spending limits. The District is subject to the Amendment. The voters within the District authorized the District to collect and to expend the full revenues received by the District from any source in the current fiscal year and in each fiscal year thereafter, notwithstanding the limits of the Amendment effective January 1, 1998. The Amendment is subject to many interpretations, but the District believes it is in substantial compliance with the Amendment. The Amendment requires the District to establish a reserve for emergencies, representing 3% of qualifying expenditures. At June 30, 2024, the District's emergency reserve was reported as restricted fund balance in the General Fund, in the amount of \$184,000.

Litigation

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

NOTE 11: Joint Venture

The District is a member of the Uncompahgre Board of Cooperative Services (BOCES), a joint venture of five local school districts. The BOCES is governed by a board formed of one board member from each member district. The participants oversee budgeting and finance. During fiscal year ended June 30, 2024, the District contributed \$32,843 to the BOCES. At June 30, 2023, the BOCES fund balance was \$384,158, which discloses a positive financial position for the BOCES.

REQUIRED SUPPLEMENTARY INFORMATION

WEST END SCHOOL DISTRICT RE-2
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
Year Ended June 30, 2024

	BUDGET		ACTUAL	VARIANCE
	ORIGINAL	FINAL		Positive (Negative)
REVENUES				
Local Sources	\$ 1,324,330	\$ 1,544,156	\$ 1,360,906	\$ (183,250)
County Sources	261	226	226	-
State Grants	4,468,566	4,260,516	4,215,444	(45,072)
Federal Grants	221,323	248,457	152,305	(96,152)
TOTAL REVENUES	6,014,480	6,053,355	5,728,881	(324,474)
EXPENDITURES				
Current				
Instruction	2,018,470	2,027,829	1,703,405	324,424
Supporting Services				
Students	276,130	340,469	273,648	66,821
Instructional Staff	82,290	116,549	70,682	45,867
General Administration	210,359	215,860	184,381	31,479
School Administration	281,952	283,283	266,533	16,750
Business Services	205,035	352,630	232,351	120,279
Operations and Maintenance	825,716	802,064	609,536	192,528
Student Transportation	292,880	307,603	294,070	13,533
Central Support	115,570	113,305	114,345	(1,040)
Community Services	49,220	49,220	14,965	34,255
Enterprise Operations	112,402	98,168	108,390	(10,222)
Total Supporting Services	2,451,554	2,679,151	2,168,901	510,250
Capital Outlay	511,040	511,040	45,244	465,796
Debt Service				
Principal	34,613	34,613	34,613	-
Interest	8,685	9,055	9,055	-
Total Debt Service	43,298	43,668	43,668	-
TOTAL EXPENDITURES	5,024,362	5,261,688	3,961,218	1,300,470
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	990,118	791,667	1,767,663	975,996
SPECIAL ITEM				
Transfer of Operations from Charter School	-	-	150,068	150,068
CHANGE IN FUND BALANCE	990,118	791,667	1,917,731	1,126,064
FUND BALANCE, Beginning	1,929,064	2,541,620	2,759,204	217,584
FUND BALANCE, Ending	<u>\$ 2,919,182</u>	<u>\$ 3,333,287</u>	<u>\$ 4,676,935</u>	<u>\$ 1,343,648</u>

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

MEASUREMENT YEAR	<u>12/31/23</u>	<u>12/31/22</u>	<u>12/31/21</u>	<u>12/31/20</u>
PROPORTIONATE SHARE OF THE NET PENSION LIABILITY				
District's Proportion of the Net Pension Liability	0.0314534705%	0.0266405084%	0.0302376027%	0.0349050000%
District's Proportionate Share of the Net Pension Liability	\$ 5,562,050	\$ 4,851,094	\$ 3,518,860	\$ 5,277,003
State's Proportionate Share of the Net Pension Liability Associated with the District	<u>3,875,111</u>	<u>1,410,656</u>	<u>403,392</u>	<u>-</u>
Total Proportionate Share of the Net Pension Liability	<u><u>9,437,161</u></u>	<u><u>6,261,750</u></u>	<u><u>3,922,252</u></u>	<u><u>5,277,003</u></u>
District's Covered Payroll	\$ 2,079,353	\$ 2,056,245	\$ 1,914,467	\$ 1,995,329
District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	267%	236%	184%	264%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	65%	75%	75%	67%
FISCAL YEAR				
DISTRICT CONTRIBUTIONS				
Statutorily Required Contribution	\$ 407,827	\$ 396,149	\$ 396,080	\$ 377,482
Contributions in Relation to the Statutorily Required Contribution	<u>(407,827)</u>	<u>(396,149)</u>	<u>(396,080)</u>	<u>(377,482)</u>
Contribution Deficiency (Excess)	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
District's Covered Payroll	\$ 2,001,114	\$ 1,943,814	\$ 2,001,996	\$ 1,914,467
Contributions as a Percentage of Covered Payroll	20.38%	20.38%	19.78%	19.72%

<u>12/31/19</u>	<u>12/31/18</u>	<u>12/31/17</u>	<u>12/31/16</u>	<u>12/31/15</u>	<u>12/31/14</u>
0.0323260000%	0.0330700000%	0.0385360000%	0.0370350000%	0.0408020000%	0.0433350000%
\$ 4,829,416	\$ 5,855,788	\$ 12,461,133	\$ 11,026,890	\$ 6,240,349	\$ 5,873,312
<u>543,601</u>	<u>704,383</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>5,373,017</u>	<u>6,560,171</u>	<u>12,461,133</u>	<u>11,026,890</u>	<u>6,240,349</u>	<u>5,873,312</u>
\$ 1,900,042	\$ 1,818,055	\$ 1,777,614	\$ 1,659,208	\$ 1,761,491	\$ 1,610,367
254%	322%	701%	665%	354%	365%
65%	57%	44%	43%	59%	63%
<u>06/30/20</u>	<u>06/30/19</u>	<u>06/30/18</u>	<u>06/30/17</u>	<u>06/30/16</u>	<u>06/30/15</u>
\$ 360,657	\$ 359,278	\$ 342,694	\$ 297,939	\$ 329,084	\$ 271,112
<u>(360,657)</u>	<u>(359,278)</u>	<u>(342,694)</u>	<u>(297,939)</u>	<u>(329,084)</u>	<u>(271,112)</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
\$ 1,860,975	\$ 1,878,089	\$ 1,814,844	\$ 1,619,067	\$ 1,856,368	\$ 1,604,726
19.38%	19.13%	18.88%	18.40%	17.73%	16.89%

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

MEASUREMENT YEAR	<u>12/31/23</u>	<u>12/31/22</u>	<u>12/31/21</u>
PROPORTIONATE SHARE OF THE NET OPEB LIABILITY			
District's Proportion of the Net OPEB Liability	0.0188168629%	0.0202632609%	0.0197428010%
District's Proportionate Share of the Net OPEB Liability	\$ 134,301	\$ 165,445	\$ 170,243
District's Covered Payroll	\$ 2,079,353	\$ 2,056,245	\$ 1,914,467
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%
FISCAL YEAR	<u>6/30/24</u>	<u>6/30/23</u>	<u>6/30/22</u>
DISTRICT CONTRIBUTIONS			
Contributions in Relation to the Statutorily Required Contribution	\$ 20,411	\$ 19,827	\$ 20,420
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 2,001,114	\$ 1,943,814	\$ 2,001,996
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.

<u>12/31/20</u>	<u>12/31/19</u>	<u>12/31/18</u>	<u>12/31/17</u>
0.0201920000%	0.0211310000%	0.0214960000%	0.0218960000%
\$ 191,866	\$ 237,516	\$ 292,461	\$ 284,560
\$ 1,995,329	\$ 1,900,042	\$ 1,818,055	\$ 1,777,614
10%	13%	16%	16%
33%	24%	17%	18%
<u>6/30/21</u>	<u>6/30/20</u>	<u>6/30/19</u>	<u>6/30/18</u>
\$ 19,528	\$ 18,982	\$ 19,157	\$ 18,511
<u>(19,528)</u>	<u>(18,982)</u>	<u>(19,157)</u>	<u>(18,511)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,914,467	\$ 1,860,975	\$ 1,878,089	\$ 1,814,844
1.02%	1.02%	1.02%	1.02%

WEST END SCHOOL DISTRICT RE-2
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2024

NOTE 1: Stewardship, Compliance, and Accountability

Budgetary Information

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

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

Budget Compliance

For the year ending June 30, 2024, the Food Service Fund actual expenditures exceeded budgeted appropriations by \$12,041. These may be violations of state statutes.

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

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

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

HCTF Plan - As of the December 31, 2023, measurement date, the fiduciary net position (FNP) and related disclosure components for the Health Care Trust Fund (HCTF) reflect payments related to the disaffiliation of Tri-County Health Department (Tri-County Health) as a PERA-affiliated employer, effective December 31, 2022. As of the December 31, 2023, year-end, PERA recognized two additions for accounting and financial reporting purposes: a \$24 million payment received on December 4, 2023, and a \$2 million receivable. The employer disaffiliation payment and receivable allocations to the HCTF and Local Government Division Trust Fund were \$1.033 million and \$24.967 million, respectively.

NOTE 3: Changes in Assumptions and Other Inputs

No changes made to the actuarial methods or assumptions.

SUPPLEMENTARY INFORMATION

WEST END SCHOOL DISTRICT RE-2
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2024

	FOOD SERVICE	GRANTS	STUDENT ACTIVITY
ASSETS			
Cash and Investments	\$ 3,589	\$ -	\$ 125,806
Taxes Receivable	-	-	-
Grants Receivable	-	123,112	-
Inventories	6,960	-	-
TOTAL ASSETS	\$ 10,549	\$ 123,112	\$ 125,806
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES			
Accounts Payable	\$ -	2,435	\$ 878
Accrued Salaries and Benefits	942	6,123	-
Interfund Payable	-	114,554	-
TOTAL LIABILITIES	942	123,112	878
DEFERRED INFLOWS OF RESOURCES			
Property Tax	-	-	-
FUND BALANCES			
Nonspendable Inventories	6,960	-	-
Restricted:			
Food Services	2,647	-	-
Debt Service	-	-	-
Assigned to:			
Student Activities	-	-	124,928
Capital Projects	-	-	-
TOTAL FUND BALANCES	9,607	-	124,928
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 10,549	\$ 123,112	\$ 125,806

<u>DEBT SERVICE</u>	<u>CAPITAL RESERVE</u>	<u>TOTAL</u>
\$ 141,589	\$ 102,962	\$ 373,946
21,549	-	21,549
-	-	123,112
<u>-</u>	<u>-</u>	<u>6,960</u>
<u>\$ 163,138</u>	<u>\$ 102,962</u>	<u>\$ 525,567</u>
\$ -	\$ -	\$ 3,313
-	-	7,065
<u>-</u>	<u>-</u>	<u>114,554</u>
<u>-</u>	<u>-</u>	<u>124,932</u>
<u>12,856</u>	<u>-</u>	<u>12,856</u>
-	-	6,960
-	-	2,647
150,282	-	150,282
-	-	124,928
<u>-</u>	<u>102,962</u>	<u>102,962</u>
<u>150,282</u>	<u>102,962</u>	<u>387,779</u>
<u>\$ 163,138</u>	<u>\$ 102,962</u>	<u>\$ 525,567</u>

WEST END SCHOOL DISTRICT RE-2
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
Year Ended June 30, 2024

	FOOD SERVICE	GRANTS	STUDENT ACTIVITY
REVENUES			
Local Sources	\$ 564	\$ -	\$ 142,232
State Sources	34,625	-	-
Federal Sources	88,982	123,113	-
 TOTAL REVENUES	 124,171	 123,113	 142,232
EXPENDITURES			
Current			
Instruction	-	111,872	108,604
Supporting Services	-	11,241	-
Food Services	138,018	-	-
Capital Outlay	220	-	-
Debt			
Principal	-	-	-
Interst	-	-	-
Fees and Charges	-	-	-
 TOTAL EXPENDITURES	 138,238	 123,113	 108,604
 CHANGE IN FUND BALANCES	 (14,067)	 -	 33,628
FUND BALANCES, Beginning	23,674	-	91,300
FUND BALANCES, Ending	\$ 9,607	-	\$ 124,928

<u>DEBT SERVICE</u>	<u>CAPITAL RESERVE</u>	<u>TOTAL</u>
\$ 87,330	\$ -	\$ 230,126
-	-	34,625
-	-	212,095
<u>87,330</u>	<u>-</u>	<u>476,846</u>
	-	
	-	220,476
	-	11,241
	-	138,018
	-	220
41,921	-	41,921
20,257	-	20,257
1,200	-	1,200
<u>63,378</u>	<u>-</u>	<u>433,333</u>
23,952	-	43,513
<u>126,330</u>	<u>102,962</u>	<u>344,266</u>
<u>150,282</u>	<u>102,962</u>	<u>\$ 387,779</u>

WEST END SCHOOL DISTRICT RE-2
BUDGETARY COMPARISON SCHEDULE
FOOD SERVICE FUND
Year Ended June 30, 2024

	BUDGET		ACTUAL	VARIANCE
	ORIGINAL	FINAL		Positive (Negative)
REVENUES				
Local Sources				
Fees	\$ 135	\$ 170	\$ 564	\$ 394
Miscellaneous	200	200	-	(200)
State Grants	15,982	25,231	34,625	9,394
Federal Grants	82,099	87,604	88,982	1,378
TOTAL REVENUES	98,416	113,205	124,171	10,966
EXPENDITURES				
Current				
Salaries	39,752	45,700	43,359	2,341
Benefits	19,439	21,000	20,298	702
Purchased Services	1,011	1,011	755	256
Supplies and Materials	54,981	55,986	73,606	(17,620)
Capital Outlay	2,500	2,500	220	2,280
TOTAL EXPENDITURES	117,683	126,197	138,238	(12,041)
CHANGE IN FUND BALANCE	(19,267)	(12,992)	(14,067)	(1,075)
FUND BALANCE, Beginning	24,715	15,875	23,674	7,799
FUND BALANCE, Ending	<u>\$ 5,448</u>	<u>\$ 2,883</u>	<u>\$ 9,607</u>	<u>\$ 6,724</u>

WEST END SCHOOL DISTRICT RE-2
BUDGETARY COMPARISON SCHEDULE
GRANTS FUND
Year Ended June 30, 2024

	BUDGET		ACTUAL	VARIANCE
	ORIGINAL	FINAL		Positive (Negative)
REVENUES				
Federal Grants	\$ 156,367	\$ 138,811	\$ 123,113	\$ (15,698)
EXPENDITURES				
Current				
Instruction	156,367	118,019	111,872	6,147
Supporting Services				
Salaries	-	3,180	-	3,180
Benefits	-	497	-	497
Purchased Services	-	6,490	5,400	1,090
Supplies and Materials	-	10,625	5,841	4,784
TOTAL EXPENDITURES	156,367	138,811	123,113	15,698
CHANGE IN FUND BALANCE	-	-	-	-
FUND BALANCE, Beginning	-	-	-	-
FUND BALANCE, Ending	\$ -	\$ -	\$ -	\$ -

WEST END SCHOOL DISTRICT RE-2
BUDGETARY COMPARISON SCHEDULE
STUDENT ACTIVITY FUND
Year Ended June 30, 2024

	BUDGET		ACTUAL	VARIANCE
	ORIGINAL	FINAL		Positive (Negative)
REVENUES				
Local Sources				
Student Activity Fees	\$ 80,000	\$ 150,000	\$ 142,232	\$ (7,768)
EXPENDITURES				
Current				
Instruction	80,000	150,000	108,604	41,396
CHANGE IN FUND BALANCE	-	-	33,628	33,628
FUND BALANCE, Beginning	91,300	91,300	91,300	-
FUND BALANCE, Ending	\$ 91,300	\$ 91,300	\$ 124,928	\$ 33,628

WEST END SCHOOL DISTRICT RE-2
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
Year Ended June 30, 2024

	BUDGET		ACTUAL	VARIANCE
	ORIGINAL	FINAL		Positive (Negative)
REVENUES				
Local Sources				
Property Taxes	\$ 92,241	\$ 90,006	\$ 81,287	\$ (8,719)
Other Tax	2,500	7,000	385	(6,615)
Investment Income	-	-	5,658	5,658
	<u>94,741</u>	<u>97,006</u>	<u>87,330</u>	<u>(9,676)</u>
TOTAL REVENUES				
EXPENDITURES				
Debt Service				
Principal	41,921	41,921	41,921	-
Interest	20,257	20,257	20,257	-
Fees and Charges	1,200	1,200	1,200	-
	<u>63,378</u>	<u>63,378</u>	<u>63,378</u>	<u>-</u>
TOTAL EXPENDITURES				
CHANGE IN FUND BALANCE	31,363	33,628	23,952	(9,676)
FUND BALANCE, Beginning	<u>118,817</u>	<u>126,330</u>	<u>126,330</u>	<u>-</u>
FUND BALANCE, Ending	<u>\$ 150,180</u>	<u>\$ 159,958</u>	<u>\$ 150,282</u>	<u>\$ (9,676)</u>

WEST END SCHOOL DISTRICT RE-2
BUDGETARY COMPARISON SCHEDULE
CAPITAL RESERVE FUND
Year Ended June 30, 2024

	BUDGET		ACTUAL	VARIANCE
	ORIGINAL	FINAL		Positive (Negative)
EXPENDITURES				
Supporting Services				
Purchased Services	\$ 102,962	\$ 102,962	\$ -	\$ 102,962
CHANGE IN FUND BALANCE	(102,962)	(102,962)	-	102,962
FUND BALANCE, Beginning	102,962	102,962	102,962	-
FUND BALANCE, Ending	\$ -	\$ -	\$ 102,962	\$ 102,962

WEST END SCHOOL DISTRICT RE-2
BUDGETARY COMPARISON SCHEDULE
BUILDING FUND
Year Ended June 30, 2024

	BUDGET		ACTUAL	VARIANCE
	ORIGINAL	FINAL		Positive (Negative)
REVENUES				
Local Sources				
Investment Income	\$ 57,000	\$ 17,800	\$ 17,639	\$ (161)
State Sources				
BEST Grant	23,497,737	23,497,737	16,291,013	(7,206,724)
CHFA Grant	-	29,211	29,211	-
DOLA Grant	457,230	407,770	389,758	(18,012)
TOTAL REVENUES	24,011,967	23,952,518	16,727,621	(7,224,897)
EXPENDITURES				
Capital Outlay	25,108,205	25,048,756	17,223,072	7,825,684
TOTAL EXPENDITURES	25,108,205	25,048,756	17,223,072	7,825,684
CHANGE IN FUND BALANCE	(1,096,238)	(1,096,238)	(495,451)	600,787
FUND BALANCE, Beginning	1,096,238	1,096,238	956,614	(139,624)
FUND BALANCE, Ending	\$ -	\$ -	\$ 461,163	\$ 461,163

COMPLIANCE SECTION

STATE COMPLIANCE



Colorado Department of Education
Auditors Integrity Report
 District: 2190 - West End RE-2
 Fiscal Year 2023-24
 Colorado School District/BOCES

Revenues, Expenditures, & Fund Balance by Fund

Fund Type & Number	Beg Fund Balance & Prior Per Adj (6880*)	+	1000 - 5999 Total Revenues & Other Sources	0001-0999 Total Expenditures & Other Uses	=	6700-6799 & Prior Per Adj (6880*) Ending Fund Balance
Governmental						
10 General Fund	2,707,128		5,931,025	3,961,218		4,676,935
18 Risk Mgmt Sub-Fund of General Fund	0		0	0		0
19 Colorado Preschool Program Fund	52,076		-52,076	0		0
Sub-Total	2,759,204		5,878,949	3,961,218		4,676,935
11 Charter School Fund	198,355		-147,820	50,535		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	23,674		124,171	138,238		9,607
22 Govt Designated-Purpose Grants Fund	0		123,113	123,113		0
23 Pupil Activity Special Revenue Fund	91,300		142,232	108,604		124,928
25 Transportation Fund	0		0	0		0
31 Bond Redemption Fund	126,330		87,330	63,378		150,282
39 Certificate of Participation (COP) Debt Service Fund	0		0	0		0
41 Building Fund	956,614		16,727,621	17,223,072		461,163
42 Special Building Fund	0		0	0		0
43 Capital Reserve Capital Projects Fund	102,962		0	0		102,962
46 Supplemental Cap Const. Tech. Main Fund	0		0	0		0
Totals	4,258,438		22,935,596	21,668,157		5,525,877
Proprietary						
50 Other Enterprise Funds	0		0	0		0
64 (63) Risk-Related Activity Fund	0		0	0		0
60.65-69 Other Internal Service Funds	0		0	0		0
Totals	0		0	0		0
Fiduciary						
70 Other Trust and Agency Funds	0		0	0		0
72 Private Purpose Trust Fund	0		0	0		0
73 Agency Fund	0		0	0		0
74 Pupil Activity Agency Fund	0		0	0		0
79 GASB 34/Permanent Fund	0		0	0		0
85 Foundations	0		0	0		0
Totals	0		0	0		0

FINAL