

East Grand School District No. 2

Financial Report

June 30, 2025



East Grand School District No. 2
Annual Financial Report
June 30, 2025

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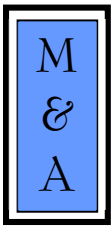
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McMAHAN AND ASSOCIATES, L.L.C.

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of East Grand School District No. 2, Colorado (the "District"), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of June 30, 2025, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Member: American Institute of Certified Public Accountants

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

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

Required Supplementary Information (continued)

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


Supplementary Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2025 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and on compliance.


McMahan and Associates, L.L.C.
Avon, Colorado
December 9, 2025

East Grand School District No. 2

Management's Discussion and Analysis



East Grand School District No. 2
Management's Discussion and Analysis
As of and for the Fiscal Year Ended June 30, 2025

As management of the East Grand School District No. 2 (the "District"), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2025.

Financial Highlights

- The liabilities of the District exceeded its assets at year-end by \$15,890,555. This deficit net position is primarily the result of the District's share of PERA's net pension and post-employment health benefit liabilities.
- The District's total net position increased by \$7,249,011. This is primarily related to the current year change in the District's pension and post-employment health benefit liabilities and approximately \$2.7 million in net investment and interest income earnings.
- At the close of the current fiscal year, the District's governmental funds reported combined ending fund balance of \$28,928,478, which decreased \$10,359,618 from the prior year. The overall decrease is primarily due expenditures related to the issuance of general obligation bonds in the Building Fund, which occurred in fiscal year 2022.
- At the end of the current fiscal year, the total fund balance for the General Fund was \$9,433,520 or 47% of total General Fund expenditures and transfers of \$20,074,256. The District has continued to weather the economic challenges facing the state of Colorado and its ability to fund education. The District's General Fund includes the Insurance Reserve Fund, as required by the Colorado Department of Education.

Overview of the Financial Statements

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

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

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

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

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

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

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

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

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

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

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

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

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

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

District-wide Financial Analysis:

As noted earlier, net position may serve over time as a useful indicator of a District's financial position. In the case of the District, liabilities and deferred inflows of resources exceed assets and deferred outflows of resources by \$15,890,555 at year end.

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

	Governmental Activities	
	2025	2024
Assets:		
Current and other assets	\$ 34,755,115	\$ 56,151,184
Capital assets	121,008,504	107,685,103
Total Assets	155,763,619	163,836,287
Deferred Outflows of resources	6,479,623	9,634,113
Liabilities:		
Other liabilities	5,540,248	16,982,602
Long-term liabilities	137,858,827	145,363,418
Total Liabilities	143,399,075	162,346,020
Deferred Inflows of resources	2,953,613	1,661,301
Net Position:		
Net Investment in capital assets	14,437,749	15,797,677
Restricted	7,901,359	6,851,091
Unrestricted	(6,448,554)	(13,185,689)
Total Net Position	\$ 15,890,554	\$ 9,463,079

Of the District's total net position, \$14,437,749 reflects its investment in capital assets (e.g., land, buildings and equipment, etc.) less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to its students and the community; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from property taxes, since the capital assets themselves cannot be used to liquidate these liabilities.

Approximately \$11.4 million of a decrease in other liabilities at June 30, 2025 is attributed to a decrease in accounts payable and accrued retainage, which is a result of the bond issuances that occurred in fiscal year 2022 and completed within the fiscal year. Current assets decreased \$21.4 million due to expenditures of the bond proceeds on capital renovation projects for the schools.

District-wide Financial Analysis (continued):

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

	Governmental Activities	
	2025	2024
Revenues:		
<i>Program revenues</i>		
Charges for services	\$ 48,763	\$ 200,738
Operating grants and contributions	3,377,735	3,590,176
Capital grants and contributions	995,807	1,818,298
<i>General revenues</i>		
Property taxes	27,260,105	25,484,022
Specific ownership taxes	1,335,483	1,323,571
Investment earnings	1,238,153	3,318,095
Other	3,173,762	2,115,263
Total Revenues	<u>37,429,808</u>	<u>37,850,163</u>
Expenditures:		
Direct instruction	12,974,105	14,808,383
Indirect instruction	3,117,429	3,258,040
Transportation	1,232,379	1,771,907
Custodial maintenance	2,538,812	2,467,895
Support services	445,885	552,610
General administration	2,488,090	2,325,758
Student activities	1,105,441	1,182,135
Interest	5,431,191	3,058,361
Food services	847,465	772,890
Total Expenses	<u>30,180,797</u>	<u>30,197,979</u>
Change in net position	7,249,011	7,652,184
Net Position - Beginning	9,463,079	1,810,895
<i>Change in accounting principle</i>	(821,536)	-
Net Position - As Restated	<u>8,641,543</u>	<u>1,810,895</u>
Net position - June 30	<u>\$ 15,890,554</u>	<u>\$ 9,463,079</u>

Governmental Activities: As indicated above, governmental activities changed the District's net position by \$7,249,011. Key elements of this change are as follows:

- The net change in the net pension liability and related deferred inflows and outflows of resources resulted in pension expense of \$52,858 allocated to the above expenses in relation to salary costs.
- Net investment earnings decreased \$2.1 million from 2024 due to lower cash balance of bond proceeds.
- Other revenues increased \$1.05 million due to higher collections of money in lieu of land fees collected by the Town of Winter Park.

Financial Analysis of the District's Funds

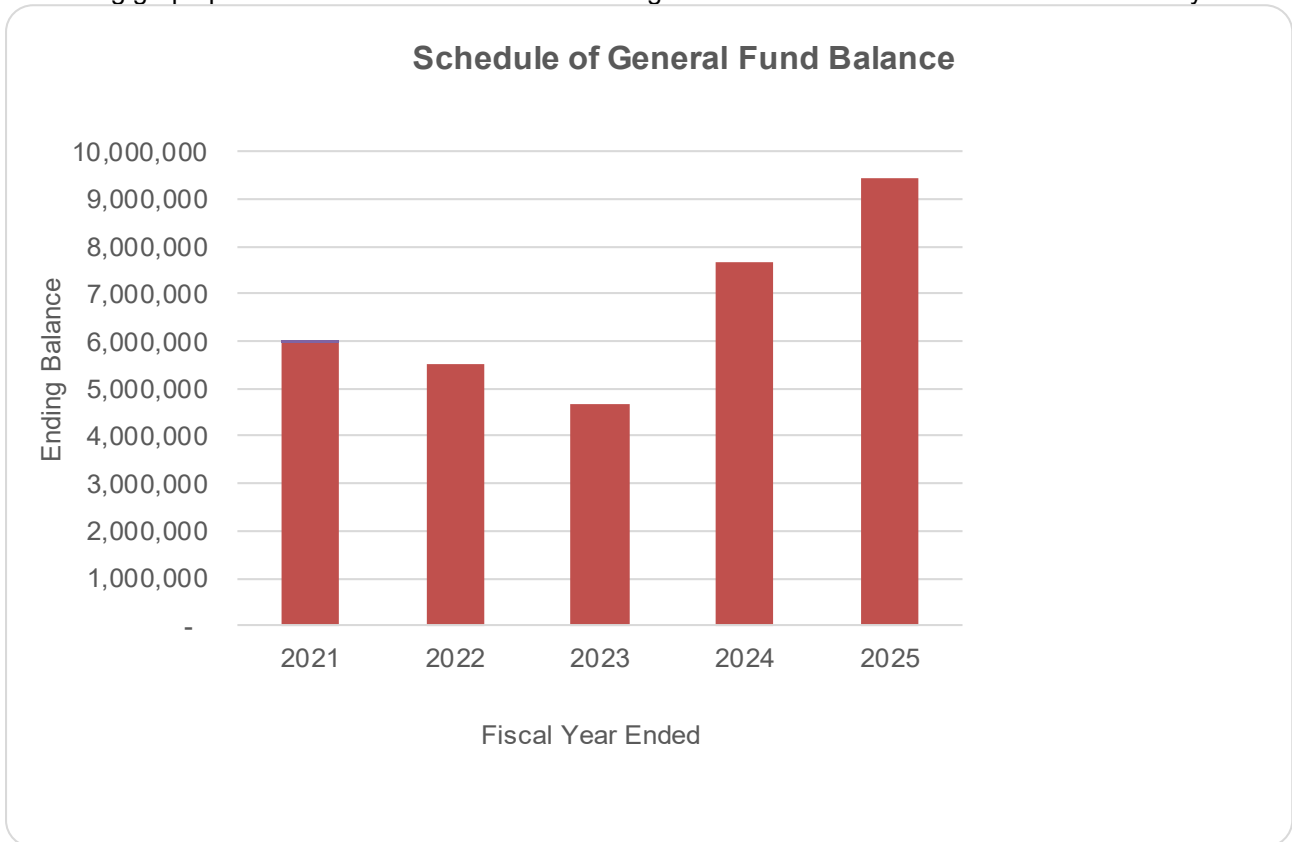
As mentioned earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

- As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$28,928,478 which decreased by \$10,359,618 from the prior year ending fund balances. The majority of this decrease is related to the expenditures incurred as a result of the 2022 issuance of general obligation bonds.
- Of the ending fund balance a portion is restricted to servicing required debt principal and interest payments, as well as the required 3% TABOR emergency reserve.

Fund Balance Trending:

The following graph provides a view of the District's ending General Fund balance for the last five fiscal years:



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

REVENUES	Variance Positive (Negative)	Reason
Taxes:		
Property taxes	\$ 2,547,747	Misunderstanding of property tax collection due to being 100% locally funded.
Intergovernmental - Federal revenue	107,036	Forest reserve funds came in higher than budget.
Interest income	120,249	Underbudgeted and higher cash balances.
EXPENDITURES		
Direct instruction	611,325	The total variance was 5% off to budget, primarily due to expenses being recorded in the Grant Fund, but recorded in the General Fund.
Transportation	231,810	More expenses moved from the General Fund.
Custodial and maintenance	(147,298)	Property insurance and maintenance agreements underbudgeted

Budget Amendments

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

Capital Assets: The District’s governmental capital assets, net of accumulated depreciation, totaled \$121,008,504 as of June 30, 2025. The District capitalizes assets, including land, buildings and improvements, vehicles, equipment, and construction in progress, with an original cost greater than \$5,000 and useful life of more than two years. Additional information, as well as a detailed classification of the District’s net capital assets can be found in the Notes to the Financial Statement in section D of this report.

Long-Term Debt: As of the end of the current fiscal year, the District’s long-term debt totaled \$137,858,827.

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

Economic Factors and Outlook

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

Request for Information

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

East Grand School District No. 2

Basic Financial Statements



East Grand School District No. 2
Statement of Net Position
June 30, 2025

	Governmental Activities
ASSETS	
Cash and cash equivalents - unrestricted	9,157,285
Investments - unrestricted	11,860,305
Investments - restricted	9,917,677
Accounts, taxes, and interest receivable	3,309,399
Grants receivable	442,236
Prepaid items	50,365
Inventory	17,848
Total current assets	34,755,115
Capital assets:	
Land	524,414
Buildings and improvements	157,680,683
Equipment	2,021,023
Vehicles	3,256,406
Less: Accumulated depreciation	(42,474,022)
Total capital assets	121,008,504
Total assets	155,763,619
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charges on refunding, net	859,358
Items related to pension	5,472,391
Items related to post employment health benefits	147,874
Total deferred outflows of resources	6,479,623
LIABILITIES	
Current liabilities:	
Accounts, retainage, arbitrage & deposits payable	2,831,342
Accrued compensation	2,376,975
Accrued interest	328,304
Unearned revenue	3,627
Total current liabilities	5,540,248
Noncurrent liabilities:	
Compensated absences	1,519,116
Bonds and capital leases	
Due within one year	2,757,589
Due in more than one year	104,672,524
Other liabilities - due in more than one year	
Pension	28,405,603
Post employment health benefits	503,995
Total noncurrent liabilities	137,858,827
Total liabilities	143,399,075
DEFERRED INFLOWS OF RESOURCES	
Items related pension	2,585,460
Items related to post employment health benefits	368,153
Total deferred inflows of resources	2,953,613
EQUITY	
Net Investment in Capital Assets	14,437,749
Restricted for:	
TABOR	788,030
Capital projects	1,043,345
Other purposes	14,602
Debt service	6,055,382
Unrestricted	(6,448,554)
Total net position	15,890,554

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

East Grand School District No. 2
Statement of Activities
For the Year Ended June 30, 2025

	<u>Program Revenues</u>			<u>Net (Expenses)</u>
	<u>Expenses</u>	<u>Charges for</u> <u>Services</u>	<u>Operating</u> <u>Grants and</u> <u>Contributions</u>	<u>Revenue</u> <u>and Changes in</u> <u>Net Position</u>
Functions/Programs:			<u>Capital</u> <u>Grants and</u> <u>Contributions</u>	<u>Governmental</u> <u>Activities</u>
Primary Government				
Governmental Activities:				
Direct instruction	12,974,105	2,587	933,983	-
Indirect instruction	3,117,429	-	1,019,451	-
Transportation	1,232,379	10,902	-	472,717
Custodial and maintenance	2,538,812	-	-	523,090
Support services	445,885	-	333,657	-
General administration	2,488,090	-	-	-
Student activities	1,105,441	31,582	370,594	-
Food service	847,465	3,692	720,050	-
Interest	5,431,191	-	-	-
Total governmental activities	<u>30,180,797</u>	<u>48,763</u>	<u>3,377,735</u>	<u>995,807</u>
				<u>(25,758,492)</u>
General revenues:				
Local property taxes levied for general purposes				19,856,371
Local property taxes levied for debt payments				7,100,453
Local property taxes levied for transportation				303,281
Specific ownership taxes				1,335,483
Grants and contributions not restricted to specific programs				3,173,762
Interest and investment earnings				1,238,153
Total General Revenues				<u>33,007,503</u>
Change in Net Position				7,249,011
Net Position - Beginning of Year, as Previously Presented				9,463,079
Change in accounting principle				(821,536)
Net Position - Beginning of Year, As Restated				<u>8,641,543</u>
Net position, ending				<u>15,890,554</u>

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

East Grand School District No. 2
Balance Sheet
Governmental Funds
June 30, 2025

	General Fund	Food Service Fund	Designated Purpose Grant Fund	Bond Redemption Fund	Building Fund	Capital Reserve Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
ASSETS AND OTHER DEBITS								
Assets:								
Cash and cash equivalents - unrestricted	1,563,545	31,001	19,203	-	7,013,870	133,572	396,094	9,157,285
Investments - unrestricted	9,334,159	-	-	-	-	1,972,985	553,161	11,860,305
Investments - restricted	-	-	-	5,997,326	3,920,351	-	-	9,917,677
Accounts, taxes, and interest receivable	1,003,369	-	-	360,050	-	1,928,008	17,972	3,309,399
Grants receivable	34,762	170,612	214,181	-	22,681	-	-	442,236
Prepaid items	13,427	-	-	-	-	36,938	-	50,365
Inventory	-	17,848	-	-	-	-	-	17,848
Due from other funds	141,949	-	-	-	-	-	-	141,949
Total assets and other debits	<u>12,091,211</u>	<u>219,461</u>	<u>233,384</u>	<u>6,357,376</u>	<u>10,956,902</u>	<u>4,071,503</u>	<u>967,227</u>	<u>34,897,064</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES								
Liabilities:								
Accounts and other current payables	159,686	-	23,816	-	2,647,266	-	574	2,831,342
Accrued compensation	2,050,333	62,198	209,568	-	-	-	54,876	2,376,975
Unearned revenue	-	3,627	-	-	-	-	-	3,627
Due to other funds	-	-	-	141,949	-	-	-	141,949
Total liabilities	<u>2,210,019</u>	<u>65,825</u>	<u>233,384</u>	<u>141,949</u>	<u>2,647,266</u>	<u>-</u>	<u>55,450</u>	<u>5,353,893</u>
Deferred Inflows of Resources:								
Unavailable property tax revenues	447,672	-	-	160,045	-	-	6,976	614,693
Fund balances:								
Non-spendable	13,427	17,848	-	-	-	36,938	-	68,213
Spendable:								
Restricted	788,030	-	-	6,055,382	-	-	-	6,843,412
Committed	-	135,788	-	-	8,309,636	4,034,565	904,801	13,384,790
Assigned	61,765	-	-	-	-	-	-	61,765
Unassigned	8,570,298	-	-	-	-	-	-	8,570,298
Total fund balances	<u>9,433,520</u>	<u>153,636</u>	<u>-</u>	<u>6,055,382</u>	<u>8,309,636</u>	<u>4,071,503</u>	<u>904,801</u>	<u>28,928,478</u>
Total liabilities, deferred inflows of resources and fund balances	<u>12,091,211</u>	<u>219,461</u>	<u>233,384</u>	<u>6,357,376</u>	<u>10,956,902</u>	<u>4,071,503</u>	<u>967,227</u>	<u>34,897,064</u>

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

East Grand School District No. 2
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2025

Governmental Funds Total Fund Balance		28,928,478
Property taxes receivable will be collected this calendar year, but are not available soon enough to pay for the current period's expenditures, and therefore, are deferred in the		614,693
Capital assets used in governmental activities are not considered current financial resources and, therefore, are not reported in the governmental funds:		
Capital assets	163,482,526	
Accumulated depreciation	<u>(42,474,022)</u>	121,008,504
Deferred charges such as bond issuance costs, deferred refunding costs, and premiums and discounts on bonded debt, are treated as current transactions on the fund financial statements, but are capitalized and amortized on the Statement of Net Position:		
Deferred refunding costs	859,358	
Premiums and discounts on bonded debt	<u>(14,425,848)</u>	(13,566,490)
Changes in pension and OPEB related actuarial assumptions, proportion of collective pension and OPEB amounts, differences between actual and expected experience and investment earnings, and differences between actual and annualized contributions to the pension plan and Health Care Trust Fund are recorded as deferred inflows or outflows of resources and amortized over the average remaining service life of all active and inactive		
Unamortized pension-related deferred outflows	5,472,391	
Unamortized OPEB-related deferred outflows	147,874	
Unamortized pension-related deferred inflows	(2,585,460)	
Unamortized pension-related deferred outflows	<u>(368,153)</u>	<u>2,666,652</u>
Long-term liabilities, including bonds payable, net pension and OPEB liability, accrued compensated absences, retainage payable, and accrued interest are not due and payable in the current period and therefore, are not reported in the funds. This is the amount of District long-term liabilities:		
Bond debt and interest coupons	(92,620,000)	
Accrued compensated absences	(1,519,116)	
Net pension liability	(28,405,603)	
Post employment health benefits liability	(503,995)	
Leases payable	(384,265)	
Accrued interest	<u>(328,304)</u>	<u>(123,761,283)</u>
Governmental Activities Net Position		<u><u>15,890,554</u></u>

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

East Grand School District No. 2
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2025

	<u>General Fund</u>	<u>Food Service Fund</u>	<u>Designated Purpose Grant Fund</u>	<u>Bond Redemption Fund</u>	<u>Building Fund</u>	<u>Capital Reserve Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES								
Taxes:								
Property taxes	19,603,092	-	-	7,003,067	-	-	303,281	26,909,440
Specific ownership taxes	1,315,584	-	-	-	-	-	19,899	1,335,483
Intergovernmental - State revenue	721,386	410,668	980,340	-	523,090	-	-	2,635,484
Intergovernmental - Federal revenue	1,507,036	309,383	559,853	-	-	-	-	2,376,272
Investment income	370,249	-	-	197,243	589,920	-	80,741	1,238,153
Other	170,987	3,692	229,752	16,401	56,243	1,387,434	402,176	2,266,685
Total revenues	<u>23,688,334</u>	<u>723,743</u>	<u>1,769,945</u>	<u>7,216,711</u>	<u>1,169,253</u>	<u>1,387,434</u>	<u>806,097</u>	<u>36,761,517</u>
EXPENDITURES								
Direct instruction	11,172,128	-	359,200	-	-	-	376,014	11,907,342
Indirect instruction	1,592,029	-	1,410,745	-	-	-	-	3,002,774
Transportation	430,540	-	-	-	-	-	489,315	919,855
Custodial and maintenance	2,497,401	-	-	-	-	-	-	2,497,401
Support services	453,710	-	-	-	-	-	-	453,710
General administration	2,379,419	-	-	-	-	-	558	2,379,977
Student activities	-	-	-	-	-	-	734,083	734,083
Food service	-	849,944	-	-	-	-	-	849,944
Debt service:								
Principal	-	-	-	2,440,000	-	132,823	-	2,572,823
Interest and fiscal charges	-	-	-	3,979,638	4,793	21,064	-	4,005,495
Other	-	-	-	11,290	2,479,329	-	-	2,490,619
Capital outlay	120,156	-	-	-	15,003,583	183,373	-	15,307,112
Total expenditures	<u>18,645,383</u>	<u>849,944</u>	<u>1,769,945</u>	<u>6,430,928</u>	<u>17,487,705</u>	<u>337,260</u>	<u>1,599,970</u>	<u>47,121,135</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>5,042,951</u>	<u>(126,201)</u>	<u>-</u>	<u>785,783</u>	<u>(16,318,452)</u>	<u>1,050,174</u>	<u>(793,873)</u>	<u>(10,359,618)</u>
OTHER FINANCING SOURCES (USES)								
Transfers in (out)	(1,428,873)	135,363	-	-	2,197	1,977,983	(686,670)	-
Total other financing sources (uses)	<u>(1,428,873)</u>	<u>135,363</u>	<u>-</u>	<u>-</u>	<u>2,197</u>	<u>1,977,983</u>	<u>(686,670)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	3,614,078	9,162	-	785,783	(16,316,255)	3,028,157	(1,480,543)	(10,359,618)
FUND BALANCES, BEGINNING	<u>5,819,442</u>	<u>144,474</u>	<u>-</u>	<u>5,269,599</u>	<u>24,625,891</u>	<u>1,043,346</u>	<u>2,385,344</u>	<u>39,288,096</u>
FUND BALANCES (DEFICIT), ENDING	<u>9,433,520</u>	<u>153,636</u>	<u>-</u>	<u>6,055,382</u>	<u>8,309,636</u>	<u>4,071,503</u>	<u>904,801</u>	<u>28,928,478</u>

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

East Grand School District No. 2
Reconciliation of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
June 30, 2025

Governmental Funds Change in Fund Balances	(10,359,618)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount of capital outlays reported as expenditures in the governmental funds.	15,316,455
Debt principal payments result in a reduction of accumulated resources on the fund financial statements. The government-wide statements show these payments as reductions against long-term liabilities.	2,572,823
Deferred property tax revenues do not provide current financial resources and are deferred on the governmental fund financial statements but recognized on the government-wide financial statements. This is the change in the deferred property tax recognized in the Statement of Activities.	399,240
Accrued compensated absences reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. This is the change in accrued compensated absences during the year.	(125,030)
Amortization of deferred costs such as premium and discounts and deferred charges from refunding and changes in accrued interest have no impact on current available resources but do change government-wide net position.	1,053,633
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount of depreciation expense reported as an expenditure in the governmental activities' functions.	(1,993,054)
Change in the District's net pension obligation reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. This is the change in the District's net pension obligation during the year, including differences between District contributions to the pension plan and amortization of pension-related deferrals.	216,194
Changes in the District's net post employment health benefits obligation reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. This is the change in District's net post employment health benefits obligation during the year, including differences between District contributions to the plan and amortization of post employment health benefits related deferrals.	168,368
Governmental Activities Change in Net Position	<hr style="border: 0.5px solid black;"/> <u>7,249,011</u>

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

East Grand School District No. 2

Notes to the Basic Financial Statements



East Grand School District No. 2
Notes to the Financial Statements
June 30, 2025

I. Summary of Significant Accounting Policies

The East Grand School District No. 2 (the "District") was formed in 1893 and is located in Colorado's central Rocky Mountains. More specifically, the District is located in the eastern portion of Grand County. The District provides services to approximately one thousand three hundred one (1,301) students. The District's mission is *"As a result of our efforts, students will graduate as self-reliant and productive citizens, prepared to pursue the careers of choice through further education and training."* The District operates the following schools:

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

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

A. Reporting Entity

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

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

B. Government-wide and Fund Financial Statements

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

East Grand School District No. 2
Notes to the Financial Statements
June 30, 2025
(Continued)

I. Summary of Significant Accounting Policies (continued)

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

1. Government-wide Financial Statements

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

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

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

2. Fund Financial Statements

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

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

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

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

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

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

East Grand School District No. 2
Notes to the Financial Statements
June 30, 2025
(Continued)

I. Summary of Significant Accounting Policies (continued)

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

2. Fund Financial Statements (continued)

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

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

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

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

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

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

1. Long-term Economic Focus and Accrual Basis

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

East Grand School District No. 2
Notes to the Financial Statements
June 30, 2025
(Continued)

I. Summary of Significant Accounting Policies (continued)

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

2. Current Financial Focus and Modified Accrual Basis

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

3. Financial Statement Presentation

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

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

D. Financial Statement Accounts

1. Cash, Cash Equivalents, and Investments

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

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

East Grand School District No. 2
Notes to the Financial Statements
June 30, 2025
(Continued)

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

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

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

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

2. Receivables

Receivables are reported net of an allowance for uncollectible accounts. At June 30, 2025, the District deems all receivables collectable and therefore does not have an allowance for uncollectible accounts established.

3. Prepaid Items

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

4. Property Taxes

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

5. Inventories

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories recorded in the *Food Service Fund* consist of purchased and donated commodities. Donated commodities inventories are offset by unearned revenue. Donated inventories, received at no cost under a program supported by the Federal Government, are recorded at their estimated fair value at the date of receipt. The cost of all inventories is recorded as an asset when the individual inventory items are purchased, and as an expenditure or expense when consumed.

East Grand School District No. 2
Notes to the Financial Statements
June 30, 2025
(Continued)

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

6. Interfund Transactions

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

7. Deferred Charges on Refunding

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

8. Capital Assets

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

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

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

Assets	Useful Lives
Buildings and improvements	5 - 35
Vehicles	7
Equipment	5

9. Compensated Absences

Vested or accumulated leave that is expected to be liquidated with expendable available financial resources are reported as expenditures and a fund liability of the governmental fund that will pay it, which is the General Fund. Amounts of vested or accumulated leave that are not expected to be liquidated with expendable available financial resources are reported in the governmental activities column in the Government-wide financial statements.

The District estimates how much of the leave is more likely than not to be used as paid leave and recognizes that portion as a liability for compensated absences.

East Grand School District No. 2
Notes to the Financial Statements
June 30, 2025
(Continued)

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

10. Long-term Debt

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

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

11. Pensions

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

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

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

13. Deferred Outflows of Resources and Deferred Inflows of Resources

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

East Grand School District No. 2
Notes to the Financial Statements
June 30, 2025
(Continued)

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

13. Deferred Outflows of Resources and Deferred Inflows of Resources

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

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

E. Significant Accounting Policies

1. Use of Estimates

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

2. Categories and Classification of Fund Balance

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

3. Restricted and Unrestricted Resources

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

East Grand School District No. 2
Notes to the Financial Statements
June 30, 2025
(Continued)

II. Stewardship, Compliance, and Accountability

A. Budgetary Information

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

As required by Colorado Statutes, the District followed the required timetable noted below in preparing, approving, and enacting its budget for 2025.

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

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

For the year ended June 30, 2025, expenditures exceed appropriations as follows:

<u>Fund</u>	<u>Amount</u>
Food Service Fund	\$ 75,076
Grants Fund	1,177,451

East Grand School District No. 2
Notes to the Financial Statements
June 30, 2025
(Continued)

II. Stewardship, Compliance, and Accountability

A. Budgetary Information (continued)

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

B. TABOR Amendment

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

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

TABOR also requires local governments to establish emergency reserves to be used for declared emergencies only. Emergencies, as defined by TABOR, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. These reserves are required to be 3% or more of fiscal year spending. The District has reserved \$768,000 of its June 30, 2025 year-end General Fund balance for emergencies as required under TABOR.

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

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

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

East Grand School District No. 2
Notes to the Financial Statements
June 30, 2025
(Continued)

III. Detailed Notes on All Funds

A. Deposits and Investments

The District's deposits are entirely covered by federal depository insurance ("FDIC") or by collateral held under Colorado's Public Deposit Protection Act ("PDPA"). The FDIC insures the first \$250,000 of the District's deposits at each financial institution for interest-bearing accounts. Non-interest bearing accounts are fully insured. Deposit balances for interest-bearing accounts over \$250,000 are collateralized as required by PDPA. As of year-end, \$30,935,267 is the carrying amount of the District's cash and investments.

Fair Value of Investments

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

- Level 1: Quoted prices for identical investments in active markets;
- Level 2: Observable inputs other than quoted market prices; and,
- Level 3: Unobservable inputs. At June 30, 2025, the District had the following recurring fair value measurements:

<u>Investments Measured at Amortized Cost</u>	<u>Total</u>
CSIP - LGIP	\$ 3,920,351
<u>Investments Measured at Net Asset Value</u>	<u>Total</u>
COLOTRUST Plus+	\$ 12,610,042

Interest Rate Risk. The District limits investments maturities as required by state statutes as a means of managing its exposure to fair value losses arising from increasing interest rates. State statutes require the District to limit maturities to five years from the date of purchase. Maturities of investments held at June 30, 2025 are provided in the previous schedule. The District coordinates its investment maturities to closely match cash flow needs.

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

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

East Grand School District No. 2
Notes to the Financial Statements
June 30, 2025
(Continued)

III. Detailed Notes on All Funds

A. Deposits and Investments (continued)

Local Government Investment Pool – At June 30, 2025, the District had invested \$12,610,042 in the Colorado Government Liquid Asset Trust (“COLOTRUST”), referred to as the Trust. The Trust is an investment vehicle established by State statute for local government entities in Colorado to pool surplus funds for investment purposes, and is registered with the State Securities Commissioner. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions of each pooled investment. The majority of securities owned by the Trust are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian’s internal records identify investments owned by the Trust. The Trust investments consist of U.S. Treasury and U.S. agency securities, and repurchase agreements collateralized by U.S. Treasury and U.S. agency securities. These investments are not categorized because the underlying securities cannot be determined. Of the investments held in the Trust at June 30, 2025, the District had invested in COLOTRUST PLUS+, which operates similarly to money market funds and each share is equal in value to \$1.

The District’s cash and investments at June 30, 2025 had the following maturities:

<u>Type:</u>	<u>Standard and Poors</u>	<u>Carrying Amount</u>	<u>Maturities</u>	
			<u>Less than One Year</u>	<u>Less than Five Years</u>
<i>Deposits:</i>				
Petty cash	Not rated	\$ 192	\$ 192	\$ -
Checking accounts	Not rated	8,467,113	8,467,113	-
<i>Investments:</i>				
Investment pool	AAAm	16,530,393	16,530,393	-
Money market funds	AAAm	5,937,569	5,937,569	-
		<u>\$ 30,935,267</u>	<u>\$ 30,935,267</u>	<u>\$ -</u>

Reconciliation to Statement of Net Position:

Cash and cash equivalents - unrestricted	\$ 9,157,285
Investments - unrestricted	11,860,305
Investments - restricted	9,917,677
Total	<u>\$ 30,935,267</u>

East Grand School District No. 2
Notes to the Financial Statements
June 30, 2025
(Continued)

IV. Detailed Notes on All Funds (continued)

B. Receivables

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

	<u>General Fund</u>	<u>Food Service Fund</u>	<u>Designated Purpose Grant Fund</u>	<u>Bond Redemption Fund</u>
Receivables:				
Taxes	\$ 1,003,369	\$ -	\$ -	\$ 360,050
Accounts	-	-	-	-
Grants receivable	34,762	170,612	214,181	-
Net Receivables	<u>\$ 1,038,131</u>	<u>\$ 170,612</u>	<u>\$ 214,181</u>	<u>\$ 360,050</u>

	<u>Building Fund</u>	<u>Capital Reserve Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Receivables:				
Taxes	\$ -	\$ -	\$ 17,972	\$ 1,381,391
Accounts	-	1,928,008	-	1,928,008
Grants receivable	22,681	-	-	442,236
Net Receivables	<u>\$ 22,681</u>	<u>\$ 1,928,008</u>	<u>\$ 17,972</u>	<u>\$ 3,751,635</u>

C. Capital Assets

Capital asset activity for the year ended June 30, 2025 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Construction in progress	\$ 77,608,861	\$ 15,003,581	\$ (92,612,442)	\$ -
Land	524,414	-	-	524,414
Total capital assets, not being depreciated	<u>78,133,275</u>	<u>15,003,581</u>	<u>(92,612,442)</u>	<u>524,414</u>
Capital assets, being depreciated:				
Buildings and improvements	65,068,241	92,612,442	-	157,680,683
Vehicles	3,256,406	-	-	3,256,406
Equipment	1,708,149	312,874	-	2,021,023
Total capital assets being depreciated	<u>70,032,796</u>	<u>92,925,316</u>	<u>-</u>	<u>162,958,112</u>
Total capital assets - Cost	<u>148,166,071</u>	<u>107,928,897</u>	<u>(92,612,442)</u>	<u>163,482,526</u>
Less: accumulated depreciation for:				
Buildings and improvements	(37,153,619)	(1,590,370)	-	(38,743,989)
Vehicles	(2,121,692)	(233,825)	-	(2,355,517)
Equipment	(1,205,657)	(168,859)	-	(1,374,516)
Total accumulated depreciation	<u>(40,480,968)</u>	<u>(1,993,054)</u>	<u>-</u>	<u>(42,474,022)</u>
Governmental activities capital assets, net	<u>\$ 107,685,103</u>	<u>\$ 105,935,843</u>	<u>\$ (92,612,442)</u>	<u>\$ 121,008,504</u>

East Grand School District No. 2
Notes to the Financial Statements
June 30, 2025
(Continued)

IV. Detailed Notes on All Funds (continued)

C. Capital Assets (continued)

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

	Capital Outlay	Depreciation Expense
Governmental activities:		
Direct instruction	\$ 15,316,455	\$ 1,508,680
Indirect instruction	-	91,871
Transportation	-	314,165
Custodial and maintenance	-	28,230
Support services	-	4,882
General administration	-	45,227
Total governmental activities	\$ 15,316,455	\$ 1,993,054

D. Interfund Receivables, Payables, and Transfers

There were no interfund balance as of June 30, 2025.

Transfers for fiscal year 2025 were as follows:

	Transfer In	Transfer (Out)	Reason
General Fund	\$ -	\$ (1,428,873)	Supplemental funding
Program Reserve Fund		(1,930,477)	Closeout of fund to general
Building Fund	2,197	-	Fund future capital projects
Capital Reserve Fund	1,977,983	-	Funding for capital outlay
Pupil Activity Fund	1,066,118	-	Funding for student activities
Transportation Fund	177,689	-	Funding for transportation
Food Service Fund	135,363	-	Funding for nutrition activities
	\$ 3,359,350	\$ (3,359,350)	

Transfers provide supplemental funds on an as needed basis.

East Grand School District No. 2
Notes to the Financial Statements
June 30, 2025
(Continued)

IV. Detailed Notes on All Funds (continued)

E. Long-term Debt

1. General Obligation Refunding Bonds, Series 2014

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

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

2. Certificates of Participation, Series 2020

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

3. General Obligation Refunding Note, Series 2021

On September 15, 2021, the District issued \$3,070,000 of General Obligation Refunding Note, Series 2021. Proceeds of this bond were used to refund the District's outstanding General Obligation Refund Bonds, Series 2012, resulting in a savings of \$122,733. The bonds bear an interest rate of 0.880% and annual principal payments are due December 1, 2021 through 2024, with semi-annual interest payments due June 1 and December 1 through maturity. As of June 30, 2025, these bonds were paid in full.

East Grand School District No. 2
Notes to the Financial Statements
June 30, 2025
(Continued)

IV. Detailed Notes on All Funds (continued)

E. Long-term Debt (continued)

4. General Obligation Bonds, Series 2022

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

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

5. Defeased Debt

At various dates in prior years, the District placed proceeds from refunding bond issues and District cash contributions in irrevocable refunding escrow accounts. These monies, which are invested in U.S. Treasury obligations, together with interest earned thereon, are considered sufficient for payment of all principal and interest on refunded bonds on each remaining payment date. The likelihood of the earnings and principal maturities of the U.S. Treasury obligations not being sufficient to pay the refunded bond issues appears remote. Accordingly, the escrow account and refunded bonds are not included in the District's financial statements. The District has not calculated the amount of defeased debt at June 30, 2025.

6. Debt Requirements

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

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

7. Arbitrage Liability

In accordance with the provisions of the U.S. Internal Revenue Code, governments that issue tax-exempt debt are subject to arbitrage rebate requirements. Arbitrage earnings represent the excess of interest received on investments acquired with the proceeds of tax-exempt debt over the interest paid on the related debt issue. The District's recorded arbitrage liability represents excess investment earnings that may be required to be rebated to the U.S. Treasury under Section 148 of the Internal Revenue Code, based on studies performed every 5 years. The liability has been recorded on the Building Fund in the amount of \$2,479,329.

East Grand School District No. 2
Notes to the Financial Statements
June 30, 2025
(Continued)

IV. Detailed Notes on All Funds (continued)

E. Long-term Debt (continued)

8. Financed Purchase Agreements

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

<u>Fiscal Year Ended</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 142,588	\$ 14,924	\$ 157,512
2027	151,733	8,334	160,067
2028	89,944	1,722	91,666
Totals	<u>\$ 384,265</u>	<u>\$ 24,980</u>	<u>\$ 409,245</u>

9. Schedule of Future Debt Service Payments

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

<u>Fiscal Year Ending:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 2,615,000	\$ 3,887,350	\$ 6,502,350
2027	2,720,000	3,780,650	6,500,650
2028	2,830,000	3,669,650	6,499,650
2029	2,885,000	3,540,925	6,425,925
2030	3,030,000	3,393,050	6,423,050
2031-2035	17,570,000	14,475,750	32,045,750
2036-2040	21,980,000	10,064,600	32,044,600
2041-2045	26,740,000	5,208,000	31,948,000
2046-2047	12,250,000	494,800	12,744,800
Totals	<u>\$ 92,620,000</u>	<u>\$ 48,514,775</u>	<u>\$ 141,134,775</u>

East Grand School District No. 2
Notes to the Financial Statements
June 30, 2025
(Continued)

IV. Detailed Notes on All Funds (continued)

E. Long-term Debt (continued)

10. Changes in Long-term Debt

The following is a summary of changes in long-term debt for the year ended June 30, 2025:

	Balance July 1, 2024 (Restated)	Additions	(Reductions)	Balance June 30, 2025	Due in One Year
Governmental Activities:					
General obligation bonds	\$ 9,585,000	\$ -	\$ (1,420,000)	\$ 8,165,000	\$ 2,615,000
2021 Refunding G.O. Bonds	1,020,000	-	(1,020,000)	-	-
Premium on general obligation bonds	15,652,294	-	(1,226,446)	14,425,848	-
2022 G.O. Bonds	84,455,000	-	-	84,455,000	-
Financed obligations	517,088	-	(132,823)	384,265	142,588
Net Pension Liability	32,770,216	-	(4,364,613)	28,405,603	-
Net OPEB Liability	791,268	-	(287,273)	503,995	-
Compensated absences*	1,394,089	125,027	-	1,519,116	-
Total	\$ 146,184,955	\$ 125,027	\$ (8,451,155)	\$ 137,858,827	\$ 2,757,588

*The change in the compensated absences liability is presented as a net change.

The General Fund generally liquidates the compensated absences and pension liabilities associated with governmental activities.

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

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

Benefits provided as of December 31, 2024: PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. § 24-51-602, 604, 1713, and 1714.

East Grand School District No. 2
Notes to the Financial Statements
June 30, 2025
(Continued)

IV. Detailed Notes on All Funds (continued)

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

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

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

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

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

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

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

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

East Grand School District No. 2
Notes to the Financial Statements
June 30, 2025
(Continued)

IV. Detailed Notes on All Funds (continued)

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

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

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

Contribution provisions as of June 30, 2025: Eligible employees, the District, and the State are required to contribute to the SCHDTF at a rate set by Colorado statute. The contribution requirements for the SCHDTF are established under C.R.S. § 24-51-401, et seq. and § 24-51-413. Eligible employees are required to contribute 11.00 percent of their PERA-includable salary during the period of July 1, 2024 through June 30, 2025. Employer contribution requirements are summarized in the following table:

	July 1, 2024 through June 30, 2025
Employer contribution rate	11.40%
Amount of the Employer Contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-2018(1)(f)	(1.02)%
Amount apportioned to the Trust Fund	10.38%
Amortization equalization disbursement ("AED") as specified in C.R.S. § 24-51-411	4.50%
Supplemental amortization equalization disbursement ("SAED") as specified in C.R.S. § 24-51-411	5.50%
Total employer contribution rate to Trust Fund	20.38%

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

Contribution provisions as of June 30, 2025 (continued). Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from the District were \$2,604,938 for the year ended June 30, 2025.

For purposes of GASB 68 paragraph 15, a circumstance exists in which a nonemployer contributing entity is legally responsible for making contributions to the SCHDTF and is considered to meet the definition of a special funding situation. As specified in C.R.S. § 24-51-414, the State is required to contribute a \$225 million direct distribution each year to PERA starting on July 1, 2018. For 2024, a portion of the direct distribution payment is allocated to the SCHDTF based on the proportionate amount of annual payroll of the SCHDTF to the total annual payroll of the SCHDTF, State Division Trust Fund, Judicial Division Trust Fund, and Denver Public Schools Division Trust Fund.

East Grand School District No. 2
Notes to the Financial Statements
June 30, 2025
(Continued)

IV. Detailed Notes on All Funds (continued)

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

Pension Liabilities: The net pension liability for the SCHDTF was measured as of December 31, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2023. Standard update procedures were used to roll-forward the total pension liability to December 31, 2024. The District's proportion of the net pension liability was based on the District's contributions to the SCHDTF for the calendar year 2025 relative to the total contributions of participating employers and the State as a non-employer contributing entity.

At June 30, 2025, the District reported a liability of \$28,405,603 for its proportionate share of the net pension liability that reflected a reduction for support from the State as a nonemployer contributing entity. The amount recognized by the District as its proportionate share of the net pension liability, the related support from the State as a nonemployer contributing entity, and the total portion of the net pension liability that was associated with the District were as follows:

The District's proportionate share of the net Pension liability	\$	28,405,603
The State's proportionate share of the net pension liability as a non-employer contributing entity associated with the District		2,341,014
Total	\$	30,746,617

At December 31, 2024, the District proportion was 0.1646% as compared to its proportion of 0.1853% measured as of December 31, 2023.

Pension Expense: For the year ended June 30, 2025, the District recognized pension expense of \$2,388,744 and revenue of \$232,855 for support from the State as a nonemployer contributing entity.

Deferred Outflows of Resources and Deferred Inflows of Resources: At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expenses and actual experience	\$ 1,608,567	\$ -
Net difference between projected and actual earnings on pension plan investments	535,935	-
Changes in proportionate share of contributions	1,806,283	2,585,460
Contributions subsequent to measurement date	1,308,646	-
	\$ 5,472,391	\$ 2,585,460

\$ 1,308,646 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2026.

East Grand School District No. 2
Notes to the Financial Statements
June 30, 2025
(Continued)

IV. Detailed Notes on All Funds (continued)

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

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended</u> <u>June 30:</u>	<u>Amortization</u>
2026	\$ 1,640,908
2027	1,510,645
2028	(1,191,040)
2029	(382,228)
	<u>\$ 1,578,285</u>

Actuarial assumptions. The total pension liability in the December 31, 2023 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

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

¹ Post-retirement benefit increases are provided by the AIR, accounted separately within each Division Trust Fund, and subject to moneys being available; therefore, liabilities related to increases for members of these benefit tiers can never exceed available assets.

East Grand School District No. 2
Notes to the Financial Statements
June 30, 2025
(Continued)

IV. Detailed Notes on All Funds (continued)

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

Actuarial assumptions (continued)

All mortality assumptions are developed on a benefit-weighted basis and apply generational mortality. Note that in all categories, displayed as follows, the mortality tables are generationally projected using scale MP-2019.

	Mortality Table	Adjustments, as Applicable
Pre-Retirement	PubT-2010 Employee	N/A
Post-Retirement (Retiree), Non-Disabled	PubT-2010 Healthy Retiree	Males: 112% of the rates prior to age 80/ 94% of the rates age 80 and older Females: 83% of the rates prior to age 80/ 106% of the rates age 80 and older
Post-Retirement (Beneficiary), Non-Disabled	Pub-2010 Contingent Survivor	Males: 97% of the rates for all ages Females: 105% of the rates for all ages
Disabled	PubNS-2010 Disabled Retiree	99% of the rates for all ages

The actuarial assumptions used in the December 31, 2023, valuation were based on the 2020 experience analysis, dated October 28, 2020, for the period January 1, 2016, through December 31, 2019. Revised economic and demographic assumptions were adopted by the PERA Board on November 20, 2020.

Based on the 2024 experience analysis, dated January 3, 2025, for the period January 1, 2020, to December 31, 2023, revised actuarial assumptions were adopted by PERA's Board on January 17, 2025, and were effective as of December 31, 2024. The following assumptions were reflected in the roll forward calculation of the total pension liability from December 31, 2023, to December 31, 2024.

Salary increases, including wage inflation: 4.00%-13.40%

Salary scale assumptions were altered to better reflect actual experience.

Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.

The estimated administrative expense as a percentage of covered payroll was increased from 0.40% to 0.45%.

East Grand School District No. 2
Notes to the Financial Statements
June 30, 2025
(Continued)

IV. Detailed Notes on All Funds (continued)

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

Actuarial assumptions (continued)

The adjustments for credibility applied to the Pub-2010 mortality tables for active and retired lives, including beneficiaries, were updated based on the experience. All mortality assumptions are developed on a benefit-weighted basis. Note that in all categories, displayed as follows, the mortality tables are generationally projected using the 2024 adjusted MP-2021 projection scale.

	Mortality Table	Adjustments, as Applicable
Pre-Retirement	PubT-2010 Employee	N/A
Post-Retirement (Retiree), Non-Disabled	PubT-2010 Healthy Retiree	Males: 106% of the rates for all ages Females: 86% of the rates prior to age 85/ 115% of the rates age 85 and older
Post-Retirement (Beneficiary), Non-Disabled	Pub-2010 Contingent Survivor	Males: 92% of the rates for all ages Females: 100% of the rates for all ages
Disabled	PubNS-2010 Disabled Retiree	95% of the rates for all ages

The long-term expected return on plan assets is monitored on an ongoing basis and reviewed as part of periodic experience studies prepared every four years, and asset/liability studies, performed every three to five years for PERA. The most recent analyses were outlined in the 2024 Experience Study report dated January 3, 2025.

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

East Grand School District No. 2
Notes to the Financial Statements
June 30, 2025
(Continued)

IV. Detailed Notes on All Funds (continued)

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

Actuarial assumptions (continued)

The PERA Board first adopted the 7.25% long-term expected rate of return as of November 18, 2016. Following an asset/liability study, the Board reaffirmed the assumed rate of return at the November 15, 2019, meeting, and again at the Board's September 20, 2024, meeting. 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	51.00%	5.00%
Fixed Income	23.00%	2.60%
Private Equity	10.00%	7.60%
Real Estate	10.00%	4.10%
Alternatives	6.00%	5.20%
Total	100.00%	

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

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

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00%
- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the scheduled increases in Senate Bill ("SB") 18-200, required adjustments resulting from the 2018 and 2020 AAP assessments. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the scheduled increase in SB 18-200, required adjustments resulting from the 2018 and 2020 AAP assessments. Employer contributions also include current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103%, at which point the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions reflect reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.

East Grand School District No. 2
Notes to the Financial Statements
June 30, 2025
(Continued)

IV. Detailed Notes on All Funds (continued)

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

Discount rate (continued):

- As specified in law, the State, as a nonemployer contributing entity, will provide an annual direct distribution of \$225 million (actual dollars), commencing July 1, 2018, that is proportioned between the State, School, Judicial, and DPS Division Trust Funds based upon the covered payroll of each Division. The annual direct distribution ceases when all Division Trust Funds are fully funded.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial FNP, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the FNP and the subsequent AIR benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the middle of the year.

Based on the above assumptions and methods, the SCHDTF's FNP was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25% on pension plan investments was applied to all periods of projected benefit payments to determine the TPL. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25%. There was no change in the discount rate from the prior measurement date. *Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate.* The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.25%, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25%) or 1-percentage-point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of net pension liability	\$ 38,511,414	\$ 28,405,603	\$ 19,940,573

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

East Grand School District No. 2
Notes to the Financial Statements
June 30, 2025
(Continued)

IV. Detailed Notes on All Funds (continued)

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

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

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

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

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

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

East Grand School District No. 2
Notes to the Financial Statements
June 30, 2025
(Continued)

IV. Detailed Notes on All Funds (continued)

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

Benefits provided (continued):

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

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

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

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

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions. For the year ended June 30, 2025, the District's contributions to HCTF were approximately \$130,375.

Liabilities: At June 30, 2025, the District reported a liability for OPEB of \$503,995 for its proportionate share of net OPEB. The net OPEB liability was measured as of December 31, 2024, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2023. Standard update procedures were used to roll forward the total OPEB liability to December 31, 2024. The District proportion of the net OPEB liability was based on District contributions to the HCTF for the calendar year 2024 relative to the total contributions of participating employers to the HCTF.

At December 31, 2024, the District proportion was 0.1054%, as compared to its proportion of 0.1109% measured as of December 31, 2023.

East Grand School District No. 2
Notes to the Financial Statements
June 30, 2025
(Continued)

IV. Detailed Notes on All Funds (continued)

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

Expense and Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2025, the District recognized OPEB credit of (\$168,368). At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 111,171
Changes of assumptions or other inputs	5,779	161,102
Net difference between projected and actual earnings on OPEB plan investments	1,709	-
Changes in proportionate share of contributions	74,889	95,880
Contributions subsequent to the measurement date	65,497	-
	\$ 147,874	\$ 368,153

\$65,497 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date of June 30, 2025 will be recognized as a reduction of the net OPEB benefits liability in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,	Amortization
2026	\$ (67,727)
2027	(44,062)
2028	(61,323)
2029	(53,837)
2030	(40,048)
Thereafter	(18,779)
	\$ (285,776)

East Grand School District No. 2
Notes to the Financial Statements
June 30, 2025
(Continued)

IV. Detailed Notes on All Funds (continued)

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

Actuarial assumptions. The total OPEB liability in the December 31, 2023 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

	State Division	School Division	Local Government Division	Judicial Division
Actuarial cost method			Entry age	
Price inflation			2.30%	
Real wage growth			0.70%	
Wage inflation			3.00%	
Salary increases, including wage inflation				
Members other than Safety Officers	3.30%-10.90%	3.40%-11.00%	3.20%-11.30%	2.80%-5.30%
Safety Officers	3.20%-12.40%	N/A	3.20%-12.40%	N/A
Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation			7.25%	
Discount rate			7.25%	
Health care cost trend rates				
PERA benefit structure:				
Service-based premium subsidy			0.00%	
PERACare Medicare plans			16.00% in 2024, then 6.75% in 2025, gradually decreasing to 4.50% in 2034	
MAPD PPO #2			105.00% in 2024, then 8.55% in 2025, gradually decreasing to 4.50% in 2034	
Medicare Part A premiums			3.50% in 2024, gradually increasing to 4.50% in 2033	
DPS benefit structure:				
Service-based premium subsidy			0.00%	
PERACare Medicare plans			N/A	
Medicare Part A premiums			N/A	

East Grand School District No. 2
Notes to the Financial Statements
June 30, 2025
(Continued)

IV. Detailed Notes on All Funds (continued)

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

Actuarial assumptions continued. As of the December 31, 2024, measurement date, the FNP and related disclosure components for the HCTF reflect additional payments related to the disaffiliation of Tri-County Health Department (Tri-County Health) as a PERA-affiliated employer, effective December 31, 2022. The additional employer disaffiliation payment allocations to the HCTF and Local Government Division Trust Fund were \$0.020 million and \$0.486 million, respectively.

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

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

Sample Age	MAPD PPO #1 with Medicare Part A		MAPD PPO #2 with Medicare Part A		MAPD HMO (Kaiser) with Medicare Part A	
	Retiree/Spouse		Retiree/Spouse		Retiree/Spouse	
	Male	Female	Male	Female	Male	Female
65	\$1,710	\$1,420	\$585	\$486	\$1,897	\$1,575
70	\$1,921	\$1,589	\$657	\$544	\$2,130	\$1,763
75	\$2,122	\$1,670	\$726	\$571	\$2,353	\$1,853

East Grand School District No. 2
Notes to the Financial Statements
June 30, 2025
(Continued)

IV. Detailed Notes on All Funds (continued)

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

Actuarial Assumptions (continued)

Sample Age	MAPD PPO #1 without Medicare Part A		MAPD PPO #2 without Medicare Part A		MAPD HMO (Kaiser) without Medicare Part A	
	Retiree/Spouse		Retiree/Spouse		Retiree/Spouse	
	Male	Female	Male	Female	Male	Female
65	\$6,536	\$5,429	\$4,241	\$3,523	\$7,063	\$5,866
70	\$7,341	\$6,073	\$4,764	\$3,941	\$7,933	\$6,563
75	\$8,110	\$6,385	\$5,262	\$4,143	\$8,763	\$6,900

The 2024 Medicare Part A premium is \$505 per month. All costs are subject to the health care cost trend rates, as discussed below.

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

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models, and industry methods developed by health plan actuaries and administrators. In addition, projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services are referenced in the development of these rates. PERACare Medicare plan rates are applied where members have no premium-free Part A and where those premiums are already exceeding the maximum subsidy. MAPD PPO #2 has a separate trend because the first year rates are still below the maximum subsidy and to reflect the estimated impact of the Inflation Reduction Act for that plan option.

East Grand School District No. 2
Notes to the Financial Statements
June 30, 2025
(Continued)

IV. Detailed Notes on All Funds (continued)

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

Actuarial Assumptions (continued)

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

Year	PERACare Medicare Plans¹	MAPD PPO #21	Medicare Part A Premiums
2024	16.00%	105.00%	3.50%
2025	6.75%	8.55%	3.75%
2026	6.50%	8.10%	3.75%
2027	6.25%	7.65%	4.00%
2028	6.00%	7.20%	4.00%
2029	5.75%	6.75%	4.25%
2030	5.50%	6.30%	4.25%
2031	5.25%	5.85%	4.25%
2032	5.00%	5.40%	4.25%
2033	4.75%	4.95%	4.50%
2034+	4.50%	4.50%	4.50%

¹ Increase in 2024 trend rates due to the effect of the Inflation Reduction Act.

Mortality assumptions used in the December 31, 2023, valuation for the Division Trust Funds as shown in the following table, reflect generational mortality and were applied, as applicable, in the December 31, 2023, valuation for the HCTF, but developed using a headcount-weighted basis. Note that in all categories, displayed as follows, the mortality tables are generationally projected using scale MP-2019. Affiliated employers of the State, School, Local Government, and Judicial Divisions participate in the HCTF.

Pre-Retirement	Mortality Table	Adjustments, as Applicable
State and Local Government Divisions (members other than Safety Officers)	PubG-2010 Employee	N/A
Safety Officers	PubS-2010 Employee	N/A
School Division	PubT-2010 Employee	N/A
Judicial Division	PubG-2010(A) Above-Median Employee	N/A

East Grand School District No. 2
Notes to the Financial Statements
June 30, 2025
(Continued)

IV. Detailed Notes on All Funds (continued)

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

Actuarial Assumptions (continued)

Post-Retirement (Retiree), Non-Disabled	Mortality Table	Adjustments, as Applicable
State and Local Government Divisions (members other than Safety Officers)	PubG-2010 Healthy Retiree	Males: 94% of the rates prior to age 80/ 90% of the rates age 80 and older Females: 87% of the rates prior to age 80/ 107% of the rates age 80 and older
Safety Officers	PubS-2010 Healthy Retiree	N/A
School Division	PubT-2010 Healthy Retiree	Males: 112% of the rates prior to age 80/ 94% of the rates age 80 and older Females: 83% of the rates prior to age 80/ 106% of the rates age 80 and older
Judicial Division	PubG-2010(A) Above-Median Healthy Retiree	N/A
Post-Retirement (Beneficiary), Non-Disabled	Mortality Table	Adjustments, as Applicable
All Beneficiaries	Pub-2010 Contingent Survivor	Males: 97% of the rates for all ages Females: 105% of the rates for all ages
Disabled	Mortality Table	Adjustments, as Applicable
Members other than Safety Officers	PubNS-2010 Disabled Retiree	99% of the rates for all ages
Safety Officers	PubS-2010 Disabled Retiree	N/A

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

- Per capita health care costs in effect as of the December 31, 2023, valuation date for those PERACare enrollees under the PERA benefit structure who are expected to be age 65 and older and are not eligible for premium-free Medicare Part A benefits were updated to reflect costs for the 2024 plan year.
- The health care cost trend rates applicable to health care premiums were revised to reflect the current expectation of future increases in those premiums. A separate trend rate assumption set was added for MAPD PPO #2 as the first-year rate is still below the maximum subsidy and also the assumption set reflects the estimated impact of the Inflation Reduction Act for that plan option.

East Grand School District No. 2
Notes to the Financial Statements
June 30, 2025
(Continued)

IV. Detailed Notes on All Funds (continued)

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

Actuarial Assumptions (continued)

- The Medicare health care plan election rate assumptions were updated effective as of the December 31, 2023, valuation date based on an experience analysis of recent data.

The actuarial assumptions used in the December 31, 2023, valuations were based on the 2020 experience analysis, dated October 28, 2020, and November 4, 2020, for the period January 1, 2016, through December 31, 2019. Revised economic and demographic assumptions were adopted by PERA's Board on November 20, 2020.

Based on the 2024 experience analysis, dated January 3, 2025, for the period January 1, 2020, to December 31, 2023, revised actuarial assumptions were adopted by PERA's Board on January 17, 2025, and were effective as of December 31, 2024. The following assumptions were reflected in the roll forward calculation of the total OPEB liability from December 31, 2023, to December 31, 2024.

	State Division	School Division	Local Government Division	Judicial Division
Salary increases, including wage inflation:				
Members other than Safety Officers	2.70%-13.30%	4.00%-13.40%	3.40%-13.00%	2.30%-4.70%
Safety Officers	3.20%-16.30%	N/A	3.20%-16.30%	N/A

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

- Salary scale assumptions were altered to better reflect actual experience.
- Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.
- Participation rates were reduced.
- MAPD premium costs are no longer age graded.

Plan	With Medicare Part A	Without Medicare Part A
MAPD PPO #1	\$1,824	\$6,972
MAPD PPO #2	624	4,524
MAPD HMO (Kaiser)	2,040	7,596

East Grand School District No. 2
Notes to the Financial Statements
June 30, 2025
(Continued)

IV. Detailed Notes on All Funds (continued)

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

Actuarial Assumptions (continued)

The adjustments for credibility applied to the Pub-2010 mortality tables for active and retired lives, including beneficiaries, were updated based on the experience. Note that in all categories, the mortality tables are generationally projected using the 2024 adjusted MP-2021 project scale. These assumptions updated for the Division Trust Funds, were also applied in the roll forward calculations for the HCTF using a headcount-weighted basis. Affiliated employers of the State, School, Local Government, and Judicial Divisions participate in the HCTF.

Pre-Retirement	Mortality Table	Adjustments, as Applicable
State and Local Government Divisions (members other than Safety Officers)	PubG-2010 Employee	N/A
Safety Officers	PubS-2010 Employee	N/A
School Division	PubT-2010 Employee	N/A
Judicial Division	PubG-2010(A) Above-Median Employee	N/A
Post-Retirement (Retiree), Non-Disabled	Mortality Table	Adjustments, as Applicable
State and Local Government Divisions (members other than Safety Officers)	PubG-2010 Healthy Retiree	Males: 90% of the rates for all ages Females: 85% of the rates prior to age 85/ 105% of the rates age 85 and older
Safety Officers	PubS-2010 Healthy Retiree	N/A
School Division	PubT-2010 Healthy Retiree	Males: 106% of the rates for all ages Females: 86% of the rates prior to age 85/ 115% of the rates age 85 and older
Judicial Division	PubG-2010(A) Above-Median Healthy Retiree	N/A
Post-Retirement (Beneficiary), Non-Disabled	Mortality Table	Adjustments, as Applicable
All Beneficiaries	Pub-2010 Contingent Survivor	Males: 92% of the rates for all ages Females: 100% of the rates for all ages
Disabled	Mortality Table	Adjustments, as Applicable
Members other than Safety Officers	PubNS-2010 Disabled Retiree	95% of the rates for all ages
Safety Officers	PubS-2010 Disabled Retiree	N/A

East Grand School District No. 2
Notes to the Financial Statements
June 30, 2025
(Continued)

IV. Detailed Notes on All Funds (continued)

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

Actuarial Assumptions (continued)

The actuarial assumptions pertaining to per capita health care costs and their related trend rates are analyzed annually and updated, as appropriate, by the PERA Board’s actuary.

The long-term expected return on plan assets is monitored on an ongoing basis and reviewed as part of periodic experience studies prepared every four years, and asset/liability studies, performed every three to five years for PERA. The most recent analyses were outlined in the 2024 Experience Study report dated January 3, 2025.

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

The PERA Board first adopted the 7.25% long-term expected rate of return as of November 18, 2016. Following an asset/liability study, the Board reaffirmed the assumed rate of return at the November 15, 2019, meeting, and again at the Board's September 20, 2024, meeting. 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	51.00%	5.00%
Fixed Income	23.00%	2.60%
Private Equity	10.00%	7.60%
Real Estate	10.00%	4.10%
Alternatives	6.00%	5.20%
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 rate of return assumption of 7.25%.

East Grand School District No. 2
Notes to the Financial Statements
June 30, 2025
(Continued)

IV. Detailed Notes on All Funds (continued)

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

Sensitivity of the District's proportionate share of the net OPEB liability to changes in the 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</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Initial PERACare Medicare trend rate	5.75%	6.75%	7.75%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial MAPD PPO#2 Trend rate	7.55%	8.55%	9.55%
Ultimate MAPD PPO#2 Trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	2.75%	3.75%	4.75%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Proportionate Share of Net OPEB Liability	\$ 490,416	\$ 503,995	\$ 519,363

¹ For the January 1, 2025, plan year.

Discount rate. The discount rate used to measure the total OPEB liability was 7.25%. The basis for the projection of liabilities and the FNP used to determine the discount rate was an actuarial valuation performed as of December 31, 2023, and the financial status of the HCTF as of the current measurement date (December 31, 2024). 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, 2024, measurement date.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00%.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Estimated transfers of dollars into the HCTF representing a portion of purchase service agreements intended to cover the costs associated with OPEB benefits.
- Benefit payments and contributions were assumed to be made at the middle of the year.
- As of the December 31, 2024, measurement date, the FNP and related disclosure components for the HCTF reflect additional payments related to the disaffiliation of Tri-County Health as a PERA-affiliated employer, effective December 31, 2022. The additional employer disaffiliation payment allocations to the HCTF and Local Government Division Trust Fund were \$0.020 million and \$0.486 million, respectively.

East Grand School District No. 2
Notes to the Financial Statements
June 30, 2025
(Continued)

IV. Detailed Notes on All Funds (continued)

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

Discount rate (continued)

Based on the above assumptions and methods, the projection test indicates the HCTF's fiduciary net position was projected 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.

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 1-percentage-point lower (6.25%) or 1-percentage-point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of net OPEB liability	\$ 617,654	\$ 503,995	\$ 406,008

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

H. Fund Balances

The District classifies governmental fund balances as follows:

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

Spendable Fund Balances:

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

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

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

East Grand School District No. 2
Notes to the Financial Statements
June 30, 2025
(Continued)

IV. Detailed Notes on All Funds (continued)

H. Fund Balances (continued)

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

The District's policy is for restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the District would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made. The District governmental funds had the following equity designations at June 30, 2025:

	Balance	Reason
Non-spendable:		
General Fund	\$ 13,427	Prepaid items
Food Service Fund	17,848	Inventory
Capital Reserve	36,938	Prepaid items
Restricted:		
General Fund	768,000	TABOR
Debt Service Fund	6,055,382	Debt service
Committed:		
General Fund	161,167	Technology projects
Food Service Fund	135,788	Food services
Pupil Activity Fund	372,799	Student activities
Transportation	532,004	Transportation services
Building	8,309,634	Building improve
Capital Reserve	4,034,565	Capital projects
Assigned:		
General Fund	62,813	Technology equipment
	\$ 20,500,365	

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

V. Other Information

A. Defined Contribution Pension Plan

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

East Grand School District No. 2
Notes to the Financial Statements
June 30, 2025
(Continued)

V. Other Information (continued)

A. Defined Contribution Pension Plan (continued)

Funding Policy. The Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. Employees are immediately vested in their own contributions, employer contributions and investment earnings. For the year ended June 30, 2025 members contributed \$194,642. The District does not match employee voluntary contributions but contributes for the benefit of employees that do not utilize the District's health insurance benefits and recognized pension expense and a liability of \$96,796 and \$0, respectively, for the Voluntary Investment Program.

B. Contingencies

1. General Legal Matters

During the normal course of business, the District incurs claims and other assertions against it from various agencies and individuals. Management of the District feels none of these claims or assertions are significant enough that they would materially affect the fairness of the presentation of the financial statements at June 30, 2025.

2. Federal Programs

Funds received from Federal grants are subject to audit and disallowance on ineligible cost. Management of the District feels any potential questioned or disallowed costs or liability arising from the Federal program audits would not materially affect the fairness of the presentation of the financial statements at June 30, 2025.

3. State Programs

The District receives payment for State equalization, State transportation and various other State revenues to fund programs. These grants and programs are subject to audit and may result in the District either refunding amounts due for overpayment or receiving additional revenue for underpayment by the State. Management does not feel that any potential adjustments would be material and that they would affect the fairness of presentation of the financial statements at June 30, 2025.

C. Jointly Governed Organization - BOCES

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

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

East Grand School District No. 2
Notes to the Financial Statements
June 30, 2025
(Continued)

V. Other Information (continued)

C. Jointly Governed Organization – BOCES (continued)

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

The following summary information is presented:

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

For the year ended June 30, 2025, the District made operating contributions of \$96,252.

D. Mill Levy Override Approval

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

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

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

E. Colorado Department of Education Financing

The Colorado Department of Education allows school districts to borrow funds up to the next year’s estimated property tax collections for the specific district. The District did not utilize this financing in 2025.

East Grand School District No. 2
Notes to the Financial Statements
June 30, 2025
(Continued)

V. Other Information (continued)

F. Risk Management

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

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

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

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

G. Implementation of Accounting Standard

Effective July 1, 2024, the District implemented GASB Statement No. 101, *Compensated Absences* ("GASB 101"), which requires that the District recognize a liability for all forms of compensated absences, including those not paid upon an employee's separation from service, such as sick leave. Under GASB 101, compensated absence liability is estimated based on information such as related employment policies and historical information about the use or payment of compensated absences. The implementation of GASB 101 resulted in the following restatement to beginning net position:

	6/30/2024 as Previously Reported	Change in Accounting Principle	6/30/2024 As Restated
Government-wide:			
Governmental activities	\$ 9,463,079	\$ (821,536)	\$ 8,641,543

East Grand School District No. 2

Required Supplementary Information



East Grand School District No. 2
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget (Non-GAAP) and Actual with Reconciliation to GAAP Basis
General Fund
For the Year Ended June 30, 2025
(With Comparative Actual Amounts for 2024)

	2025			Variance with Final Budget- Positive (Negative)	2024
	Budgeted Amounts		Actual Amounts		Actual Amounts
	Original	Final			
REVENUES					
Taxes:					
Property taxes	16,852,928	17,055,345	19,603,092	2,547,747	16,803,562
Specific ownership taxes	1,393,787	1,352,816	1,315,584	(37,232)	1,306,256
Intergovernmental - State revenue	476,021	510,936	488,531	(22,405)	709,142
Intergovernmental - Federal revenue	1,400,000	1,400,000	1,507,036	107,036	1,355,017
Interest income	250,000	250,000	370,249	120,249	225,325
Other	168,000	175,835	170,987	(4,848)	451,720
Total revenues	20,540,736	20,744,932	23,455,479	2,710,547	20,851,022
EXPENDITURES					
Direct instruction	11,412,448	11,633,325	11,022,000	611,325	11,059,506
Indirect instruction	1,669,560	1,635,564	1,558,627	76,937	1,981,995
Transportation	428,085	653,017	421,207	231,810	775,195
Custodial and maintenance	2,552,803	2,337,642	2,484,940	(147,298)	2,266,489
Support services	533,469	404,001	450,785	(46,784)	521,013
General administration	2,318,962	2,385,098	2,354,813	30,285	2,127,318
Capital outlay	171,095	171,095	120,156	50,939	303,662
Contingency	4,778,513	5,352,234	-	5,352,234	-
Total expenditures	23,864,935	24,571,976	18,412,528	6,159,448	19,035,178
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(3,324,199)	(3,827,044)	5,042,951	8,869,995	1,815,844
OTHER FINANCING SOURCES (USES)					
Transfers in (out)	(949,320)	(951,468)	(1,428,873)	(477,405)	(653,155)
Total other financing sources (uses)	(949,320)	(951,468)	(1,428,873)	(477,405)	(653,155)
NET CHANGE IN FUND BALANCE - BUDGET BASIS	(4,273,519)	(4,778,512)	3,614,078	8,392,590	1,162,689
FUNDS BALANCE, BEGINNING - BUDGET BASIS	4,273,519	4,778,512	5,819,442	1,040,930	4,656,753
FUND BALANCE, ENDING - BUDGET BASIS	-	-	9,433,520	9,433,520	5,819,442
RECONCILIATION TO GAAP BASIS:					
Adjustments:					
Pension expense - Special funding			232,855		54,747
Pension direct distribution - Special funding			(232,855)		(54,747)
FUND BALANCE, ENDING - GAAP BASIS			9,433,520		5,819,442

East Grand School District No. 2
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (GAAP Basis)
Food Service Fund
For the Year Ended June 30, 2025
(With Comparative Actual Amounts for 2024)

	2025			Variance with Final Budget- Positive (Negative)	2024
	Budgeted Amounts		Actual Amounts		Actual Amounts
	Original	Final			
REVENUES					
Food and ala carte sales	28,500	28,500	3,692	(24,808)	33,256
Federal revenue:					
Federal government meal reimbursement	210,000	288,706	246,789	(41,917)	275,263
USDA commodity contribution	28,000	28,000	62,594	34,594	41,092
State reimbursement	295,000	295,000	410,668	115,668	368,813
Total revenues	561,500	640,206	723,743	83,537	718,424
EXPENDITURES					
Salaries and employee benefits	458,681	458,681	457,229	1,452	342,079
Purchased services	-	-	2,666	(2,666)	-
Supplies	15,000	15,000	17,557	(2,557)	10,485
Food costs:					
Purchased food	240,000	240,000	306,710	(66,710)	319,907
Donated commodities	21,525	21,525	62,594	(41,069)	41,281
Other	35,000	35,000	3,188	31,812	32,498
Capital outlay	-	-	-	-	25,420
Contingency	4,663	4,662	-	4,662	-
Total expenses	774,869	774,868	849,944	(75,076)	771,670
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(213,369)	(134,662)	(126,201)	8,461	(53,246)
OTHER FINANCING SOURCES (USES)					
Transfers in (out)	130,000	130,000	135,363	5,363	-
Total other financing sources (uses)	130,000	130,000	135,363	5,363	-
CHANGE IN NET POSITION	(83,369)	(4,662)	9,162	13,824	(53,246)
FUND BALANCE, BEGINNING	83,369	4,662	144,474	139,812	197,720
FUND BALANCE, ENDING	-	-	153,636	153,636	144,474

East Grand School District No. 2
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (GAAP Basis)
Designated Purpose Grants Fund
For the Year Ended June 30, 2025
(With Comparative Actual Amounts for 2024)

	2025			Variance with Final Budget- Positive (Negative)	2024
	Budgeted Amounts		Actual Amounts		Actual Amounts
	Original	Final			
REVENUES					
Intergovernmental revenue:					
Federal revenue	190,264	190,264	559,853	369,589	1,567,722
State revenue	380,972	380,972	980,340	599,368	627,170
Local revenue	21,258	21,258	229,752	208,494	212,915
Total revenues	592,494	592,494	1,769,945	1,177,451	2,407,807
EXPENDITURES					
Direct instruction	592,494	592,494	359,200	233,294	515,000
Indirect instruction	-	-	1,410,745	(1,410,745)	1,013,644
Transportation	-	-	-	-	790,000
Custodial and maintenance	-	-	-	-	89,163
Contingency	-	-	-	-	-
Total expenditures	592,494	592,494	1,769,945	(1,177,451)	2,407,807
NET CHANGE IN FUND BALANCE	-	-	-	-	-
FUND BALANCE, BEGINNING	-	-	-	-	-
FUND BALANCE, ENDING	-	-	-	-	-

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

For the measurement date of December 31,	2024	2023	2022	2021	2020
District's proportion of the net pension liability	0.1646%	0.1853%	0.1557%	0.1750%	0.1865%
District's proportionate share of the net pension liability	28,405,603	32,770,216	28,351,406	20,368,221	28,187,609
State proportionate share of the net pension liability as a nonemployer contributing entity associated with the District	2,341,014	703,136	6,397,569	2,094,813	-
Total proportionate share of the net pension liability associated with the District	<u>30,746,617</u>	<u>33,473,352</u>	<u>34,748,975</u>	<u>22,463,034</u>	<u>28,187,609</u>
District's covered payroll	12,721,212	12,251,060	12,009,604	10,938,469	9,971,635
District's proportionate share of the net pension liability as a percentage of its covered payroll	223%	267%	236%	186%	283%
Plan fiduciary net position as a percentage of the total pension liability	67.17%	64.74%	61.79%	74.86%	66.99%
For the measurement date of December 31,	2019	2018	2017	2016	2015
District's proportion of the net pension liability	0.1592%	0.1552%	0.1720%	0.1738%	0.1738%
District's proportionate share of the net pension liability	23,778,480	27,475,647	55,613,857	51,759,537	26,574,063
State proportionate share of the net pension liability as a nonemployer contributing entity associated with the District	2,676,516	3,305,000	-	-	-
Total proportionate share of the net pension liability associated with the District	<u>26,454,996</u>	<u>30,780,647</u>	<u>55,613,857</u>	<u>51,759,537</u>	<u>26,574,063</u>
District's covered payroll	9,353,125	8,530,403	7,935,365	7,802,346	7,572,051
District's proportionate share of the net pension liability as a percentage of its covered payroll	254%	322%	701%	630%	351%
Plan fiduciary net position as a percentage of the total pension liability	64.52%	57.01%	43.10%	43.10%	59.20%

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

Fiscal year-ended June 30,	2025	2024	2023	2022	2021
Contractually required contribution	2,604,938	2,565,603	2,496,540	2,290,935	2,062,839
Contributions in relation to the contractually required contribution	<u>(2,604,938)</u>	<u>(2,565,603)</u>	<u>(2,496,540)</u>	<u>(2,290,935)</u>	<u>(2,062,839)</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
District's covered payroll	12,781,833	12,588,825	12,248,035	11,523,816	10,376,459
Contributions as a percentage of covered payroll	20.38%	20.38%	20.38%	19.88%	19.88%
Fiscal year-ended June 30,	2020	2019	2018	2017	2016
Contractually required contribution	1,876,030	1,708,617	1,543,643	1,442,399	1,356,920
Contributions in relation to the contractually required contribution	<u>(1,876,030)</u>	<u>(1,708,617)</u>	<u>(1,543,643)</u>	<u>(1,442,399)</u>	<u>(1,356,920)</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
District's covered payroll	9,680,232	8,931,602	8,171,541	7,831,633	7,646,095
Contributions as a percentage of covered payroll	19.38%	19.13%	18.89%	18.42%	17.75%

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

For the measurement date of December 31,	2024	2023	2022	2021	2020
District's proportion of the net OPEB liability	0.1054%	0.1109%	0.1109%	0.1183%	0.1143%
District's proportionate share of the net OPEB liability	503,995	791,268	966,292	985,422	1,024,638
District's covered payroll	12,721,212	12,251,060	12,009,604	10,938,469	9,971,635
District's proportionate share of the net pension liability as a percentage of its covered payroll	4%	6%	8%	9%	10%
Plan fiduciary net position as a percentage of the total pension liability	59.83%	46.16%	38.57%	39.40%	32.78%
For the measurement date of December 31,	2019	2018	2017	2016	
District's proportion of the net OPEB liability	0.1078%	0.1040%	0.1009%	0.0977%	
District's proportionate share of the net OPEB liability	1,169,193	1,372,241	1,270,289	1,281,156	
District's covered payroll	9,353,125	8,530,403	7,935,365	7,802,346	
District's proportionate share of the net pension liability as a percentage of its covered payroll	13%	16%	15%	16%	
Plan fiduciary net position as a percentage of the total pension liability	24.49%	17.03%	17.53%	16.72%	

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

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

Fiscal year-ended June 30,	2025	2024	2023	2022	2021
Contractually required contribution	130,375	128,407	124,930	117,543	105,840
Contributions in relation to the contractually required contribution	<u>(130,375)</u>	<u>(128,407)</u>	<u>(124,930)</u>	<u>(117,543)</u>	<u>(105,840)</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
District's covered payroll	12,781,833	12,588,825	12,248,035	11,523,816	10,376,459
Contributions as a percentage of covered payroll	1.02%	1.02%	1.02%	1.02%	1.02%
Fiscal year-ended June 30,	2020	2019	2018	2017	
Contractually required contribution	98,738	91,102	83,350	78,316	
Contributions in relation to the contractually required contribution	<u>(98,738)</u>	<u>(91,102)</u>	<u>(83,350)</u>	<u>(78,316)</u>	
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	
District's covered payroll	9,680,232	8,931,602	8,171,541	7,831,633	
Contributions as a percentage of covered payroll	1.02%	1.02%	1.02%	1.00%	

* Information is only available beginning in fiscal year 2017.

East Grand School District No. 2
Notes to Required Supplementary Information
June 30, 2025

I. Notes to the Required Supplementary Information – PERA

A. Significant Changes in Plan Provisions Affecting Trends in Actuarial Information

1. Changes since the December 31, 2024 actuarial valuation:

- As of the December 31, 2024, measurement date, the fiduciary net position (FNP) and related disclosure components for the Local Government Division reflect additional payments related to the disaffiliation of Tri-County Health Department (Tri-County Health) as a PERA-affiliated employer, effective December 31, 2022. The additional employer disaffiliation payment allocations to the Local Government Division Trust Fund and Health Care Trust Fund (HCTF) were \$486,000 and \$20,000, respectively.
- Actual employer contributions to the DPS Division are reduced by an amount equal to the principal payments plus interest necessary each year to finance the pension certificates of participation (PCOPs) issued in 1997 and 2008 and refinanced thereafter.

2. Changes since the December 31, 2023 actuarial valuation:

- As of the December 31, 2023, measurement date, the FNP and related disclosure components for the Local Government Division reflect payments related to the disaffiliation of 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 \$24,000,000 payment received on December 4, 2023 and a \$2,000,000 receivable. The employer disaffiliation payment and receivable allocations to the Local Government Division Trust Fund and HCTF were \$24,967,000 and \$1,033,000, respectively.
- Senate Bill (SB) 23-056, enacted and effective June 2, 2023, intended to recompense PERA for the remaining portion of the \$225,000,000 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 C.R.S. § 24-51-416, plus \$10,000,000 from the General Fund, totaling \$14,561,000.
- SB 23-163, enacted and effective June 6, 2023, states beginning July 1, 2023, a wildlife officer and a parks and recreation officer employed by the Division of Parks and Wildlife in the Department of Natural Resources, is classified as a "State Trooper" for the purpose of determining their service retirement eligibility.
- 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.
- Actual employer contributions to the DPS Division are reduced by an amount equal to the principal payments plus interest necessary each year to finance the PCOPs issued in 1997 and 2008 and refinanced thereafter.

East Grand School District No. 2
Notes to Required Supplementary Information (continued)
June 30, 2025

I. Notes to the Required Supplementary Information – PERA (continued)

A. Significant Changes in Plan Provisions Affecting Trends in Actuarial Information (continued)

3. Changes since the December 31, 2022 actuarial valuation:

- HB 22-1029, effective upon enactment in 2022, required the State Treasurer to issue, in addition to the regularly scheduled \$225,000,000 direct distribution, a warrant to PERA in the amount of \$380,000,000 with reductions to future direct distributions. The July 1, 2023, direct distribution will be reduced by \$190,000,000 to \$35,000,000. The July 1, 2024, direct distribution will not be reduced from \$225,000,000 due to a negative investment return in 2022.
- The TPL for the Local Government Division, as of the December 31, 2022, measurement date, was adjusted to reflect the disaffiliation, as allowable under C.R.S. § 24-51-313, of Tri-County Health, effective December 31, 2022. As of the close of the 2022 fiscal year, no disaffiliation payment associated with Tri-County Health was received, and therefore no disaffiliation dollars were reflected in the FNP as of the December 31, 2022, measurement date.
- Actual employer contributions to the DPS Division are reduced by an amount equal to the principal payments plus interest necessary each year to finance the PCOPs issued in 1997 and 2008 and refinanced thereafter.

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

- The following changes reflect the anticipated adjustments resulting from the 2020 automatic adjustment provision (AAP) assessment, statutorily recognized July 1, 2021, and effective July 1, 2022:
 - Member contribution rates increase by 0.50%.
 - Employer contribution rates increase by 0.50%.
 - Annual increase (AI) cap is lowered from 1.25% per year to 1.00% per year.
- Actual employer contributions to the DPS Division are reduced by an amount equal to the principal payments plus interest necessary each year to finance the PCOPs issued in 1997 and 2008 and refinanced thereafter.

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

- HB 20-1379, enacted on June 29, 2020, suspended the \$225,000 direct distribution payable on July 1, 2020 for the State's 2020-21 fiscal year.
- HB 20-1394, enacted on June 29, 2020, requires 5.0% of the Judicial Division base employer contributions rate to be paid by the members of the Judicial Division for the State's 2020-21 and 2021-22 fiscal years. This does not apply to the employer or member contribution rates for judges employed by the Denver County Court.
- SB 18-200 and SB 20-057, enacted in 2018 and 2020, respectively expanded the definition of "State Trooper" under Colorado law as follows: ▪ Beginning July 1, 2020, new or existing employees of the Division of Fire Prevention and Control in the Department of Public Safety classified as firefighter I through firefighter VII;
- New members hired on or after January 1, 2020, as a county sheriff, undersheriff, deputy sheriff, noncertified deputy sheriff, or detention officer by a Local Government Division employer; and
- New members hired on or after January 1, 2020, as a corrections officer classified as I through IV by a State Division employer.
- Actual employer contributions to the DPS Division are reduced by an amount equal to the principal payments plus interest necessary each year to finance the PCOPs issued in 1997 and 2008 and refinanced thereafter.

East Grand School District No. 2
Notes to Required Supplementary Information (continued)
June 30, 2025

I. Notes to the Required Supplementary Information – PERA (continued)

A. Significant Changes in Plan Provisions Affecting Trends in Actuarial Information (continued)

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

- SB 18-200 was enacted on June 4, 2018, which included the adoption of the AAP. The following changes reflect the anticipated adjustments resulting from the 2018 AAP assessment, statutorily recognized July 1, 2019, and effective July 1, 2020:
 - Member contribution rates increase by 0.50%.
 - Employer contribution rates increase by 0.50%.
 - AI cap is lowered from 1.50% per year to 1.25% per year.
- HB 19-1217, enacted May 20, 2019, repealed the member contribution increases scheduled for the Local Government Division pursuant to SB 18-200.
- Actual employer contributions to the DPS Division are reduced by an amount equal to the principal payments plus interest necessary each year to finance the PCOPs issued in 1997 and 2008 and refinanced thereafter.

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

- The following changes were made to the plan provisions as part of SB 18-200:
 - Member contribution rates increase by 0.75% effective July 1, 2019, an additional 0.75% effective July 1, 2020, and an additional 0.50% effective July 1, 2021.
 - Employer contribution rates increase by 0.25% effective July 1, 2019 for State, School, Judicial, and DPS Divisions.
 - An annual direct distribution of \$225,000,000 from the State of Colorado, recognized as a nonemployer contributing entity, is distributed between the State, School, Judicial, and DPS Divisions proportionally based on payroll.
 - AI cap is lowered from 2.00% per year to 1.50% per year. ▪ Initial AI waiting period is extended from one year after retirement to three years after retirement.
 - AI payments are suspended for 2018 and 2019.
 - The number of years used in the highest average salary calculation for non-vested members as of January 1, 2020, increases from three to five years for the State, School, Local Government, and DPS Divisions and increases from one to three years for the Judicial Division.
- Actual employer contributions to the DPS Division are reduced by an amount equal to the principal payments plus interest necessary each year to finance the PCOPs issued in 1997 and 2008 and refinanced thereafter.

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

- The Cunningham Fire Protection District (CFPD) disaffiliated from the Local Government Division on December 2, 2017. For the purpose of the December 31, 2017, measurement date, liabilities were determined assuming no additional benefit accruals for the disaffiliated membership of the CFPD that had not refunded their PERA member contribution accounts. The total disaffiliation payment of \$1,159,000 was allocated to the Local Government Division Trust Fund and the HCTF in the amount of \$1,063,000 and \$96,000, respectively.

East Grand School District No. 2
Notes to Required Supplementary Information (continued)
June 30, 2025

I. Notes to the Required Supplementary Information – PERA (continued)

A. Significant Changes in Plan Provisions Affecting Trends in Actuarial Information (continued)

8. Changes since the December 31, 2017 actuarial valuation (continued):

- Pursuant to HB 17-1265, the amortization equalization disbursement (AED) and supplemental amortization equalization disbursement (SAED) contribution rates are adjusted for employers in the Judicial Division as follows:
 - For the calendar year beginning in 2019, C.R.S. § 24-51-411(4.5) increased the AED payment to 3.40% of PERA-includable salary and requires the AED payment to increase by 0.40% at the start of each of the following four calendar years through 2023 at which time the AED payment will be 5.00% of PERA-includable salary.
 - For the calendar year beginning in 2019, C.R.S. § 24-51-411(7.5) increased the SAED payment to 3.40% of PERA-includable salary and requires the SAED payment to increase by 0.40% at the start of each of the following four calendar years through 2023 at which time the SAED payment will be 5.00% of PERA-includable salary.
- Actual employer contributions to the DPS Division are reduced by an amount equal to the principal payments plus interest necessary each year to finance the PCOPs issued in 1997 and 2008 and refinanced thereafter.

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

- Actual employer contributions to the DPS Division are reduced by an amount equal to the principal payments plus interest necessary each year to finance the PCOPs issued in 1997 and 2008 and refinanced thereafter.

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

- Actual employer contributions to the DPS Division are reduced by an amount equal to the principal payments plus interest necessary each year to finance the PCOPs issued in 1997 and 2008 and refinanced thereafter.
- As required under C.R.S. § 24-51-401(1.7)(e), PERA calculated and provided to the Colorado General Assembly an adjustment to the DPS Division's employer contribution rate to assure the equalization of the School Division's and the DPS Division's ratios of unfunded actuarial accrued liability to payroll as of December 31, 2039. Subsequently, the Colorado General Assembly passed HB 15-1391, reducing the employer contribution rate of the DPS Division from 13.75% to 10.15%, effective January 1, 2015.

B. Changes to assumptions or other inputs

1. Changes since the December 31, 2024 actuarial valuation:

- Salary scale assumptions were altered to better reflect actual experience.
- Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.
- The Pub-2010 Public Retirement Plans Mortality base tables were retained for purposes of active, retired, disabled, and beneficiary lives, with revised adjustments for credibility and gender, where applicable. In addition, the applied generational projection scale was updated to the 2024 adjusted scale MP-2021.
- The estimated administrative expense as a percentage of covered payroll was increased from 0.40% to 0.45%.

East Grand School District No. 2
Notes to Required Supplementary Information (continued)
June 30, 2025

I. Notes to the Required Supplementary Information – PERA (continued)

B. Changes to assumptions or other inputs (continued)

2. Changes since the December 31, 2023 actuarial valuation:

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

3. Changes since the December 31, 2022 actuarial valuation:

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

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

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

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

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

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

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

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

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

East Grand School District No. 2
Notes to Required Supplementary Information (continued)
June 30, 2025

I. Notes to the Required Supplementary Information – PERA (continued)

B. Changes to assumptions or other inputs (continued)

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

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

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

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

10. Changes Since the December 31, 2015 Actuarial Valuation:

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

II. Notes to the Required Supplementary Information – OPEB

A. Significant Changes in Plan Provisions Affecting Trends in Actuarial Information

1. Changes since the December 31, 2024 actuarial valuation:

- As of the December 31, 2024, measurement date, the fiduciary net position (FNP) and related disclosure components for the Health Care Trust Fund (HCTF) reflect additional payments related to the disaffiliation of Tri-County Health Department (Tri-County Health) as a PERA-affiliated employer, effective December 31, 2022. The additional employer disaffiliation payment allocations to the HCTF and Local Government Division Trust Fund were \$20,000 and \$486,000, respectively.

East Grand School District No. 2
Notes to Required Supplementary Information (continued)
June 30, 2025

II. Notes to the Required Supplementary Information – OPEB (continued)

A. Significant Changes in Plan Provisions Affecting Trends in Actuarial Information (continued)

2. Changes since the December 31, 2023 actuarial valuation:

- As of the December 31, 2023, measurement date, the FNP and related disclosure components for the HCTF reflect payments related to the disaffiliation of Tri-County Health 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 \$24,000,000 payment received on December 4, 2023 and a \$2,000,000 receivable. The employer disaffiliation payment and receivable allocations to the HCTF and Local Government Division Trust Fund were \$1,033,000 and \$24,967,000, respectively.

3. Changes since the December 31, 2022 actuarial valuation:

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

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

- There were no change made to the plan provisions.

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

- There were no change made to the plan provisions.

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

- There were no change made to the plan provisions.

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

- There were no change made to the plan provisions.

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

- The Cunningham Fire Protection District (CFPD) disaffiliated from the Local Government Division, thereby ending participation in the HCTF on December 2, 2017. For the purpose of disclosure as of the December 31, 2017, measurement date, liabilities were determined assuming no additional service accruals impacting possible future premium subsidies for the disaffiliated membership of the CFPD that had not refunded their PERA member contribution accounts. The total disaffiliation payment of \$1,159,000 was allocated to the Local Government Division Trust Fund and the HCTF in the amount of \$1,063,000 and \$96,000, respectively.

East Grand School District No. 2
Notes to Required Supplementary Information (continued)
June 30, 2025

II. Notes to the Required Supplementary Information – OPEB (continued)

B. Changes to assumptions or other inputs

1. Changes since the December 31, 2024 actuarial valuation:

- Salary scale assumptions were altered to better reflect actual experience.
- Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.
- The adjustments for credibility applied to the Pub-2010 mortality tables for active and retired lives, including beneficiaries, were updated based on experience. In addition, the mortality projection scale was updated to the 2024 adjusted scale MP-2021 to reflect future improvements in mortality for all groups.
- Participation rates were reduced.
- MAPD premium costs are no longer age graded.

2. Changes since the December 31, 2023 actuarial valuation:

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

3. Changes since the December 31, 2022 actuarial valuation:

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

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

- There were no change made to the actuarial methods or assumption

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

- Changes since the December 31, 2019 to the HCTF actuarial valuation are the same as the changes to the SCHDTF noted in Note I.B.6. above.

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

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

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

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

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

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

East Grand School District No. 2

Supplementary Information



East Grand School District No. 2
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (GAAP Basis)
Debt Service Fund
Bond Redemption Fund
For the Year Ended June 30, 2025
(With Comparative Actual Amounts for 2024)

	2025			Variance with Final Budget- Positive (Negative)	2024
	Budgeted Amounts		Actual Amounts		Actual Amounts
	Original	Final			
REVENUES					
Property taxes	6,460,015	6,460,015	7,003,067	543,052	6,444,454
Interest Income	-	-	197,243	197,243	211,646
Other revenue	4,000	4,000	16,401	12,401	6,973
	6,464,015	6,464,015	7,216,711	752,696	6,663,073
EXPENDITURES					
Debt service:					
Principal	2,440,000	2,440,000	2,440,000	-	2,365,000
Interest	3,979,638	3,979,638	3,979,638	-	4,057,945
Fiscal charges	5,500	5,500	11,290	(5,790)	10,603
Contingency	5,078,951	5,117,828	-	5,117,828	-
	11,504,089	11,542,966	6,430,928	5,112,038	6,433,548
NET CHANGE IN FUND BALANCE	(5,040,074)	(5,078,951)	785,783	5,864,734	229,525
FUND BALANCE, BEGINNING	5,040,074	5,078,951	5,269,599	190,648	5,040,074
FUND BALANCE, ENDING	-	-	6,055,382	6,055,382	5,269,599

East Grand School District No. 2
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (GAAP Basis)
Capital Projects Fund
Building Fund
For the Year Ended June 30, 2025
(With Comparative Actual Amounts for 2024)

	2025			Variance with Final Budget- Positive (Negative)	2024
	Budgeted Amounts		Actual Amounts		Actual Amounts
	Original	Final			
REVENUES					
State revenue	-	-	523,090	523,090	1,028,298
Local revenue:					
Investment income (loss)	-	-	589,920	589,920	2,881,123
Other	-	-	56,243	56,243	-
Total revenues	-	-	1,169,253	1,169,253	3,909,421
EXPENDITURES					
Facilities acquisition and construction services	29,278,661	29,278,661	15,003,583	14,275,078	52,900,715
Debt service:					
Interest and fiscal charges	-	-	4,793	(4,793)	26,487
Other	-	-	2,479,329	(2,479,329)	-
Total expenditures	29,278,661	29,278,661	17,487,705	11,790,956	52,927,202
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(29,278,661)	(29,278,661)	(16,318,452)	12,960,209	(49,017,781)
OTHER FINANCING SOURCES (USES)					
Transfers in (out)	-	-	2,197	2,197	-
Total other financing sources (uses)	-	-	2,197	2,197	-
NET CHANGE IN FUND BALANCE	(29,278,661)	(29,278,661)	(16,316,255)	12,962,406	(49,017,781)
FUND BALANCE, BEGINNING	29,278,661	29,278,661	24,625,891	(4,652,770)	73,643,672
FUND BALANCE, ENDING	-	-	8,309,636	8,309,636	24,625,891

East Grand School District No. 2
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (GAAP Basis)
Capital Projects Fund
Capital Reserve Fund
For the Year Ended June 30, 2025
(With Comparative Actual Amounts for 2024)

	2025			Variance with Final Budget- Positive (Negative)	2024
	Budgeted Amounts		Actual Amounts		Actual Amounts
	Original	Final			
REVENUES					
Other local revenue	-	-	1,387,434	1,387,434	280,496
Total revenues	-	-	1,387,434	1,387,434	280,496
EXPENDITURES					
Facilities improvements and repairs	-	2,148	183,373	(181,225)	343,618
Debt service:					
Principal	132,823	132,823	132,823	-	122,543
Interest and fiscal charges	21,063	21,063	21,064	(1)	26,755
Contingency	1,295,766	1,295,766	-	1,295,766	-
Total expenditures	1,449,652	1,451,800	337,260	1,114,540	492,916
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,449,652)	(1,451,800)	1,050,174	2,501,974	(212,420)
OTHER FINANCING SOURCES (USES)					
Transfers in (out)	153,886	156,034	1,977,983	1,821,949	-
Total other financing sources (uses)	153,886	156,034	1,977,983	1,821,949	-
NET CHANGE IN FUND BALANCES	(1,295,766)	(1,295,766)	3,028,157	4,323,923	(212,420)
FUND BALANCE, BEGINNING	1,295,766	1,295,766	1,043,346	(252,420)	1,255,766
FUND BALANCE, ENDING	-	-	4,071,503	4,071,503	1,043,346

**East Grand School District No. 2
Combining Balance Sheet
Non-major Governmental Funds
For the Year Ended June 30, 2025**

	<u>Special Revenue</u>			Total Non-major Governmental Funds
	Pupil Activity Fund	Transportation Fund	Program Reserve Fund	
ASSETS				
Cash and cash equivalents-Unrestricted	396,094	-	-	396,094
Investments-Unrestricted	-	553,161	-	553,161
Accounts, taxes, and interest receivable	-	17,972	-	17,972
Total assets	<u>396,094</u>	<u>571,133</u>	<u>-</u>	<u>967,227</u>
LIABILITIES				
Liabilities:				
Accounts payable	574	-	-	574
Accrued compensation	22,721	32,155	-	54,876
Total liabilities	<u>23,295</u>	<u>32,155</u>	<u>-</u>	<u>55,450</u>
Deferred Inflows of Resources:				
Unavailable property tax revenues	-	6,976	-	6,976
FUND BALANCES				
Spendable:				
Committed	372,799	532,002	-	904,801
Total fund balances	<u>372,799</u>	<u>532,002</u>	<u>-</u>	<u>904,801</u>
Total liabilities, deferred inflows of resources and fund balances	<u>396,094</u>	<u>571,133</u>	<u>-</u>	<u>967,227</u>

East Grand School District No. 2
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
Non-major Governmental Funds
For the Year Ended June 30, 2025

	<u>Special Revenue</u>			Total Non-major Governmental Funds
	Pupil Activity Fund	Transportation Fund	Program Reserve Fund	
REVENUES				
Taxes:				
Property taxes	-	303,281	-	303,281
Specific ownership taxes	-	19,899	-	19,899
Intergovernmental revenue:				
Investment income	-	-	80,741	80,741
Other revenue	402,176	-	-	402,176
Total revenues	<u>402,176</u>	<u>323,180</u>	<u>80,741</u>	<u>806,097</u>
EXPENDITURES				
Direct instruction	376,014	-	-	376,014
Transportation	-	489,315	-	489,315
General administration	-	558	-	558
Student activities	734,083	-	-	734,083
Total expenditures	<u>1,110,097</u>	<u>489,873</u>	<u>-</u>	<u>1,599,970</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(707,921)</u>	<u>(166,693)</u>	<u>80,741</u>	<u>(793,873)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in (out)	1,066,118	177,689	(1,930,477)	(686,670)
Total other financing sources (uses)	<u>1,066,118</u>	<u>177,689</u>	<u>(1,930,477)</u>	<u>(686,670)</u>
NET CHANGE IN FUND BALANCES	358,197	10,996	(1,849,736)	(1,480,543)
FUND BALANCES, BEGINNING	<u>14,602</u>	<u>521,006</u>	<u>1,849,736</u>	<u>2,385,344</u>
FUND BALANCES, ENDING	<u><u>372,799</u></u>	<u><u>532,002</u></u>	<u><u>-</u></u>	<u><u>904,801</u></u>

East Grand School District No. 2
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (GAAP Basis)
Special Revenue Fund
Pupil Activity Fund
For the Year Ended June 30, 2025
(With Comparative Actual Amounts for 2024)

	2025			Variance with Final Budget- Positive (Negative)	2024
	Budgeted Amounts		Actual Amounts		Actual Amounts
	Original	Final			
REVENUES					
Other revenue	380,000	380,000	402,176	22,176	462,892
Total revenues	380,000	380,000	402,176	22,176	462,892
EXPENDITURES					
Direct instruction	180,889	180,889	376,014	(195,125)	331,106
Student activities	864,545	864,545	734,083	130,462	855,920
Capital outlay	-	-	-	-	-
Contingency	186,430	186,430	-	186,430	-
Total expenditures	1,231,864	1,231,864	1,110,097	121,767	1,187,026
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(851,864)	(851,864)	(707,921)	143,943	(724,134)
OTHER FINANCING SOURCES (USES)					
Transfers in (out)	665,434	665,434	1,066,118	400,684	653,155
Total other financing sources (uses)	665,434	665,434	1,066,118	400,684	653,155
NET CHANGE IN FUND BALANCE	(186,430)	(186,430)	358,197	544,627	(70,979)
FUND BALANCE, BEGINNING	186,430	186,430	14,602	(171,828)	85,581
FUND BALANCE, ENDING	-	-	372,799	372,799	14,602

East Grand School District No. 2
Schedule of Revenues, Expenditures and Changes in FUND BALANCE - Budget and Actual (GAAP Basis)
Special Revenue Fund
Transportation Fund
For the Year Ended June 30, 2025
(With Comparative Actual Amounts for 2024)

	2025			Variance with Final Budget- Positive (Negative)	2024
	Budgeted Amounts		Actual Amounts		Actual Amounts
	Original	Final			
REVENUES					
Taxes:					
Property taxes	300,584	300,584	303,281	2,697	285,554
Specific ownership taxes	25,000	25,000	19,899	(5,101)	17,315
Intergovernmental revenue:					
State revenue	160,000	160,000	-	(160,000)	165,316
Total revenues	<u>485,584</u>	<u>485,584</u>	<u>323,180</u>	<u>(162,404)</u>	<u>468,185</u>
EXPENDITURES					
Transportation	630,161	478,884	489,315	(10,431)	425,491
General administration	900	900	558	342	715
Contingency	131,617	131,617	-	131,617	-
Capital outlay	5,800	5,800	-	5,800	-
Total expenditures	<u>768,478</u>	<u>617,201</u>	<u>489,873</u>	<u>127,328</u>	<u>426,206</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(282,894)</u>	<u>(131,617)</u>	<u>(166,693)</u>	<u>(35,076)</u>	<u>41,979</u>
OTHER FINANCING SOURCES					
Transfers in (out)	-	-	177,689	177,689	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>177,689</u>	<u>177,689</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(282,894)	(131,617)	10,996	142,613	41,979
FUND BALANCE, BEGINNING	<u>282,894</u>	<u>131,617</u>	<u>521,006</u>	<u>389,389</u>	<u>479,027</u>
FUND BALANCE, ENDING	<u>-</u>	<u>-</u>	<u>532,002</u>	<u>532,002</u>	<u>521,006</u>

East Grand School District No. 2
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (GAAP Basis)
Special Revenue Fund
Program Reserve Fund
For the Year Ended June 30, 2025
(With Comparative Actual Amounts for 2024)

	2025			Variance with Final Budget- Positive (Negative)	2024
	Budgeted Amounts		Actual Amounts		Actual Amounts
	Original	Final			
REVENUES					
Taxes:					
Property taxes	-	-	-	-	1,849,736
Investment income	-	-	80,741	80,741	-
Total revenues	-	-	80,741	80,741	1,849,736
EXPENDITURES					
Direct instruction	-	-	-	-	-
Total expenditures	-	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	-	80,741	80,741	1,849,736
OTHER FINANCING SOURCES					
Transfers in (out)	-	-	(1,930,477)	(1,930,477)	-
Total other financing sources	-	-	(1,930,477)	(1,930,477)	-
NET CHANGE IN FUND BALANCE	-	-	(1,849,736)	(1,849,736)	1,849,736
FUND BALANCES, BEGINNING	-	-	1,849,736	1,849,736	-
FUND BALANCE, ENDING	-	-	-	-	1,849,736

East Grand School District No. 2
Schedule of Capital Assets Used in the Operation of Governmental Funds
Comparative Schedule
June 30, 2025 and 2024

	2025	2024
Governmental funds capital assets:		
Land	524,414	524,414
Buildings and improvements	157,680,683	65,068,241
Equipment	2,021,023	1,708,149
Vehicles	3,256,406	3,256,406
Construction in progress	-	77,608,861
Total governmental funds capital assets	163,482,526	148,166,071



Colorado Department of Education
Auditors Integrity Report
 District: 1350 - East Grand 2
 Fiscal Year 2024-25
 Colorado School District/BOCES

Revenues, Expenditures, & Fund Balance by Fund

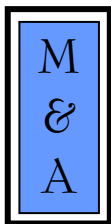
Fund Type & Number	Beg Fund Balance & Prior Per Adj (6880*)	1000 - 5999 Total Revenues & Other Sources	0001-0999 Total Expenditures & Other Uses	6700-6799 & Prior Per Adj (6880*) Ending Fund Balance
Governmental	+		-	=
10 General Fund	5,819,442	22,259,461	18,645,384	9,433,520
18 Risk Mgmt Sub-Fund of General Fund	0	0	0	0
19 Colorado Preschool Program Fund	0	0	0	0
Sub- Total	5,819,442	22,259,461	18,645,384	9,433,520
11 Charter School Fund	0	0	0	0
20,26-29 Special Revenue Fund	0	0	0	0
06 Supplemental Cap Const, Tech, Main. Fund	0	0	0	0
07 Total Program Reserve Fund	1,849,736	-1,849,736	0	0
21 Food Service Spec Revenue Fund	144,474	859,105	849,945	153,635
22 Govt Designated-Purpose Grants Fund	0	1,769,945	1,769,945	0
23 Pupil Activity Special Revenue Fund	14,602	1,468,294	1,110,096	372,800
25 Transportation Fund	521,007	500,869	489,872	532,004
31 Bond Redemption Fund	5,269,600	7,216,712	6,430,928	6,055,383
39 Certificate of Participation (COP) Debt Service Fund	0	0	0	0
41 Building Fund	24,625,889	1,171,450	17,487,706	8,309,634
42 Special Building Fund	0	0	0	0
43 Capital Reserve Capital Projects Fund	1,043,345	3,365,417	337,259	4,071,504
46 Supplemental Cap Const, Tech, Main Fund	0	0	0	0
Totals	39,288,096	36,761,518	47,121,135	28,928,478
Proprietary				
50 Other Enterprise Funds	0	0	0	0
64 (63) Risk-Related Activity Fund	0	0	0	0
60,65-69 Other Internal Service Funds	0	0	0	0
Totals	0	0	0	0
Fiduciary				
70 Other Trust and Agency Funds	0	0	0	0
72 Private Purpose Trust Fund	0	0	0	0
73 Agency Fund	0	0	0	0
74 Pupil Activity Agency Fund	-2,015	2,015	0	0
79 GASB 34:Permanent Fund	0	0	0	0
85 Foundations	0	0	0	0
Totals	-2,015	2,015	0	0

FINAL

East Grand School District No. 2

Reports and Schedules for Reporting Requirements
of Uniform Guidance





McMAHAN AND ASSOCIATES, L.L.C.

Certified Public Accountants and Consultants

WEB SITE: www.McMAHANCPA.COM

MAIN OFFICE: (970) 845-8800

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of East Grand School District No. 2 (the "District") as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 9, 2025.

Internal Control Over Financial Reporting

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

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

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

Member: American Institute of Certified Public Accountants

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

Compliance and Other Matters

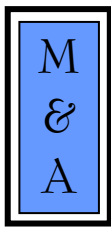
As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect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

Purpose of this Report

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

McMahan and Associates, L.L.C.

McMahan and Associates, L.L.C.
Avon, Colorado
December 9, 2025



McMAHAN AND ASSOCIATES, L.L.C.

Certified Public Accountants and Consultants

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

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

Opinion on Each Major Federal Program

We have audited East Grand School District No. 2's (the "District") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2025. The District's major federal programs are identified in the *Summary of Auditor's Results* section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Member: American Institute of Certified Public Accountants

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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

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

McMahan and Associates, L.L.C.
McMahan and Associates, L.L.C.
Avon, Colorado
December 9, 2025

East Grand School District No. 2, Colorado
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2025

Part I: Summary of Auditor's Results

Financial Statements

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

Federal Awards

Internal control over major programs:	
Material weakness identified	None noted
Significant deficiency identified	None noted
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Title 2 U.S. Code of Federal Regulations Part 200	None noted
Major program – Schools & Roads – Grants to Counties	ALN 10.665
Dollar threshold used to identify Type A from Type B programs	\$750,000
Identified as low-risk auditee	Yes

Part II: Findings Related to Financial Statements

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

Part III: Findings Related to Federal Awards

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

East Grand School District No. 2
SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2025

Note: There were no findings for the fiscal year ended June 30, 2024.

East Grand School District
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2025

<u>Program Title</u>	<u>Federal ALN</u>	<u>Grant Project Code</u>	<u>Expenditures</u>
United States Department of Education			
Rural Education Achievement Program	84.358	4358	\$ 27,244
Passed through Colorado Department of Education:			
Title I, Part A Improving Basic Programs Operated by Schools	84.010	4010	129,910
English Language Acquisition	84.365A	7365	1,931
Title II, Part A Supporting Effective Instruction	84.367	4367	45,041
Title IV, Part A Student Support and Academic Enrichment	84.424A	4424	10,000
<u>Elementary and Secondary School Emergency Relief Fund (ESSER):</u>			
COVID-19 - ESSER III ARP 9.5% State Set-Aside, Rural Coaction	84.425U	4429	159,129
COVID-19 - ESSER III 90% - LEA Allocation	84.425U	4414	175,600
COVID-19 - ESSER III CRSSA 9.5% State Set-Aside, High-Impact Tutoring	84.425U	4457	16,918
Total ESSER			<u>351,647</u>
Total United States Department of Education			<u>565,773</u>
United States Department of Agriculture:			
Passed through Colorado Department of Education:			
School Breakfast Program	10.553	4553	42,328 A
<u>National School Lunch Program</u>			
National School Lunch Program	10.555	4555	204,461 A
Passed through Colorado Department of Human Services:			
Food Distribution Commodities	10.555	4555	62,594 A
Total National School Lunch Program			<u>267,055</u>
Passed through Grand County, Colorado:			
School and Roads - Grants to States	10.665	7665	<u>1,479,792 B</u>
Total United States Department of Agriculture			<u>1,789,175</u>
Total Federal Expenditures			<u>\$ 2,354,948</u>
<u>Additional Information for Clusters:</u>			
A - Child Nutrition Cluster			\$ 309,383
B - Forest Service Schools and Roads Cluster			1,479,792

Notes to the Schedule of Expenditures of Federal Awards for the Year Ended June 30, 2025

Note 1. Basis of Presentation:

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

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

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

Note 3. Sub recipients:

East Grand School District did not provide any federal awards received to sub recipients.

Note 3. Indirect Facilities and Administration costs:

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