

SCHOOL DISTRICT FREMONT RE-1

FINANCIAL STATEMENTS
With Independent Auditors' Report

Year Ended June 30, 2025

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INDEPENDENT AUDITORS' REPORT

To the Board of Education
School District Fremont RE-1

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the School District Fremont RE-1, as of and for the year ended June 30, 2025 and the related notes to the financial statements, which collectively comprise the School District Fremont RE-1'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, the discretely presented component units, each major fund, and the aggregate remaining fund information of the School District Fremont RE-1, as of June 30, 2025 and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 School District Fremont RE-1 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.

Emphasis of Matter

As discussed in Note 16 to the financial statements, School District Fremont RE-1 implemented GASB Statement No. 101, Compensated Absences, effective July 1, 2024. The Facility Corporation and CCEO component units elected to change their reporting period from calendar year to June 30 year end. Our opinion is not modified with respect to these matters.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the School District Fremont RE-1's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, 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 School District Fremont RE-1'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 School District Fremont RE-1's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the

information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District Fremont RE-1’s basic financial statements. The accompanying combining and individual nonmajor fund financial statements and schedules 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*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2025 on our consideration of the School District Fremont RE-1’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District Fremont RE-1’s 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 School District Fremont RE-1’s internal control over financial reporting and compliance.

Hoelting & Company Inc.

Colorado Springs, Colorado
December 17, 2025

Cañon City Schools
Management's Discussion & Analysis
For the Fiscal Year Ended June 30, 2025

As management of the School District Fremont RE-1 (District), doing business as Cañon City Schools, 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. We encourage readers to consider the information presented here in conjunction with additional information furnished in the independent auditor's report and financial statements, which immediately follow this section.

Financial Highlights

Key financial highlights for fiscal year 2025 are as follows:

- The District's government-wide net position increased by \$8.3 million to \$39.1 million for the year ended June 30, 2025, primarily as a result of a healthier beginning net position than in prior year due as well as sizable increases in State Equalization (\$1.3 million) and Unrestricted Investment Earnings (\$873,000).
- Governmental activities have an unrestricted net position of \$-51.1 million. This large figure is related to PERA's unfunded liability and the District's proportionate share.
- The District's primary government long-term liabilities are down about \$5 million to \$130.7 million.
- The District continued with the provisions of GASB 75 accounting for Other Post-Employment Benefits (OPEB). The District reported a liability of \$1.1 million for its proportionate share of the net OPEB liability.
- The District's General fund balance, which includes the General fund 10, Risk Management fund 18 and the Colorado Preschool fund 19, decreased by \$1.1 million. The ending fund balance is \$8.7 million.

Overview of the Financial Statements

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

- The first two statements are District-wide financial statements that provide both short-term and long-term information about the District's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the District, reporting the District's operations in more detail than the District-wide statements.
- The governmental funds statements tell how basic services such as instruction were financed in the short-term as well as what remains for future spending.

Cañon City Schools
Management's Discussion & Analysis
For the Fiscal Year Ended June 30, 2025

- Fiduciary fund statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others, such as scholarship funds and student clubs and organizations funds.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplemental information that further explains and supports the financial statements with a comparison of the District's budget for the year.

District-wide Statements

The District-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two District-wide statements report the District's net position – *Statement of Net Position* - and how they have changed – the *Statement of Activities*. Net position – the difference between the District's assets and liabilities – are one way to measure the District's financial health or *position*.

- Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the District's overall health, you need to consider additional nonfinancial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs. Some funds are required by state law and by bond covenants. The District establishes other funds to control and manage money for particular purposes (such as repaying its long-term debts) or to show that it is properly using certain revenues (such as federal grants). The District has two kinds of funds:

- *Governmental funds*: Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the District-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or differences) between them.

Cañon City Schools
Management's Discussion & Analysis
For the Fiscal Year Ended June 30, 2025

- *Fiduciary funds:* The District is the agent, or *fiduciary*, for assets that belong to others, such as the scholarship and student clubs/organizations funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the District-wide financial statements because it cannot use these assets to finance its operations.

Financial Analysis of the District as a Whole

Colorado school Districts are primarily funded from the School Finance Act of 1994 (SFA) as amended. An individual District's funding is primarily driven by its enrollment. The District's enrollment peaked in fiscal year 2002 (October 2001 count), with a declining trend that has continued to this day.

The District's declining enrollment has negatively impacted its funding over the past few years. However, this can always be addressed by right-sizing commitments to staff. During the Great Recession, the District suffered catastrophic reductions in funding due to the imposition of the Negative Factor, known as Budget Stabilization Factor, as well as decreased enrollment driven by an increase in the number of parents choosing to home school and some students enrolling in full-time digital programs. In 24-25, the state eliminated the Budget Stabilization Factor, with the District's total program increasing \$1.8 million in fiscal year 2025.

The District's General Fund balance decreased by \$1.1 million resulting in an ending fund balance of \$8.7 million at fiscal year 2025 end. This is primarily due to increased expenses in salaries & benefits from pay increases.

In fiscal year 2025, the District's General Fund (fund 10) fund balance was 21% of fiscal year 2025 expenditures. Industry standards call for a fund balance in the range at or near 15% in order to meet operating obligations, cash flow requirements, and unforeseen events. For many years the District has striven to acquire a balance greater than 12% and this is the sixth straight year this has been accomplished.

The assets of the District are classified as current assets and capital assets. Cash, investments, receivables, inventories and prepaid expenditures are current assets. These assets are available to provide resources for the near-term operations of the District. The majority of current assets are the result of the property tax collection process. Capital assets are used in the operations of the District. These assets include land, buildings, equipment and vehicles.

Current and long-term liabilities are classified based on anticipated liquidation either in the near term or in the future. Current liabilities include accounts payable, accrued salaries and benefits, and deferred revenue. Long-term liabilities such as long-term debt obligations and compensated absences were liquidated from resources that became available after fiscal year 2020.

The District's long-term liabilities decreased by \$5 million to \$130.7 million, mostly from the District's declining share of the PERA net pension liability. Long-term debt includes bond payments, compensated absences, energy projects, and lease purchase agreements.

Table -1- provides a summary of the District's net position and **Table -3-** provides a summary for the District's changes in net position for 2025:

Cañon City Schools
Management's Discussion & Analysis
For the Fiscal Year Ended June 30, 2025

Statement of Net Position

Table -1-	Governmental Activities	
	2023-24	2024-25
ASSETS		
Current and other assets	\$65,149,251	\$51,453,330
Capital Assets	98,084,439	123,163,615
Total Assets	\$163,233,690	\$174,616,945
DEFERRED OUTFLOWS	\$20,428,647	\$13,454,274
LIABILITIES		
Long-term liabilities outstanding	\$135,653,672	\$130,793,989
Other liabilities	8,683,939	13,843,654
Total Liabilities	\$144,337,611	\$144,637,643
DEFERRED INFLOWS	\$4,182,606	\$4,312,946
NET POSITION		
Nonspendable		
Net investment in capital assets	\$71,853,775	\$84,292,767
Restricted	5,955,897	5,932,142
Unrestricted	(42,667,552)	(51,104,279)
Total net position	\$35,142,120	\$39,120,630

Cañon City Schools
Management's Discussion & Analysis
For the Fiscal Year Ended June 30, 2025

Governmental Activities		
	<u>2023-24</u>	<u>2024-25</u>
REVENUES:		
Charges for services	\$2,158,287	\$1,853,706
Operating and capital grants and contributions	16,171,175	21,997,255
General revenues:		
Property & specific ownership taxes	16,261,700	16,513,921
State equalization	20,751,882	22,045,221
Other	2,315,938	2,809,123
Total revenues	\$57,658,982	\$65,219,226
EXPENSES:		
Instruction	\$27,262,949	\$26,715,015
Other support services	24,564,407	24,523,461
Community services	695,490	674,012
Food services	2,074,601	2,426,619
Facilities acquisition & construction	272,438	92,010
Interest on long-term debt	1,848,212	2,462,027
Other debt service		
Total expenses	\$56,718,097	\$56,893,144
NET POSITION:		
Increase (decrease) in net position	\$940,885	\$8,326,082
Net Position - beginning, as restated	34,201,235	30,794,548
Net position, ending	\$35,142,120	\$39,120,630

State equalization accounted for 34 percent of the District's governmental activities total revenue (see **Chart 4**). Another 25 percent came from property and specific ownership taxes and the remainder from capital construction grants, operating grants, contributions, fees charged for services, and miscellaneous sources.

The District's expenses are predominantly related to support services at 43 percent and instruction at 47 percent (see **Chart 5**). Support services, includes the District's student support, administrative, business, transportation, maintenance and operations activities.

Cañon City Schools
Management's Discussion & Analysis
For the Fiscal Year Ended June 30, 2025

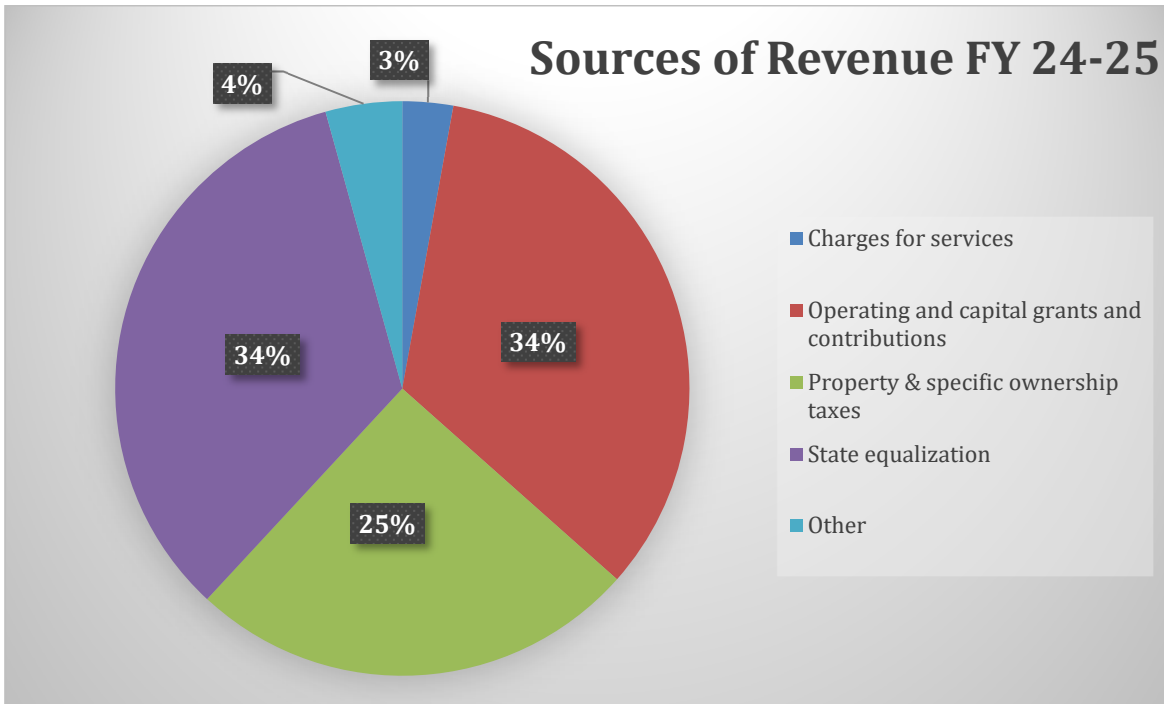


Chart 4

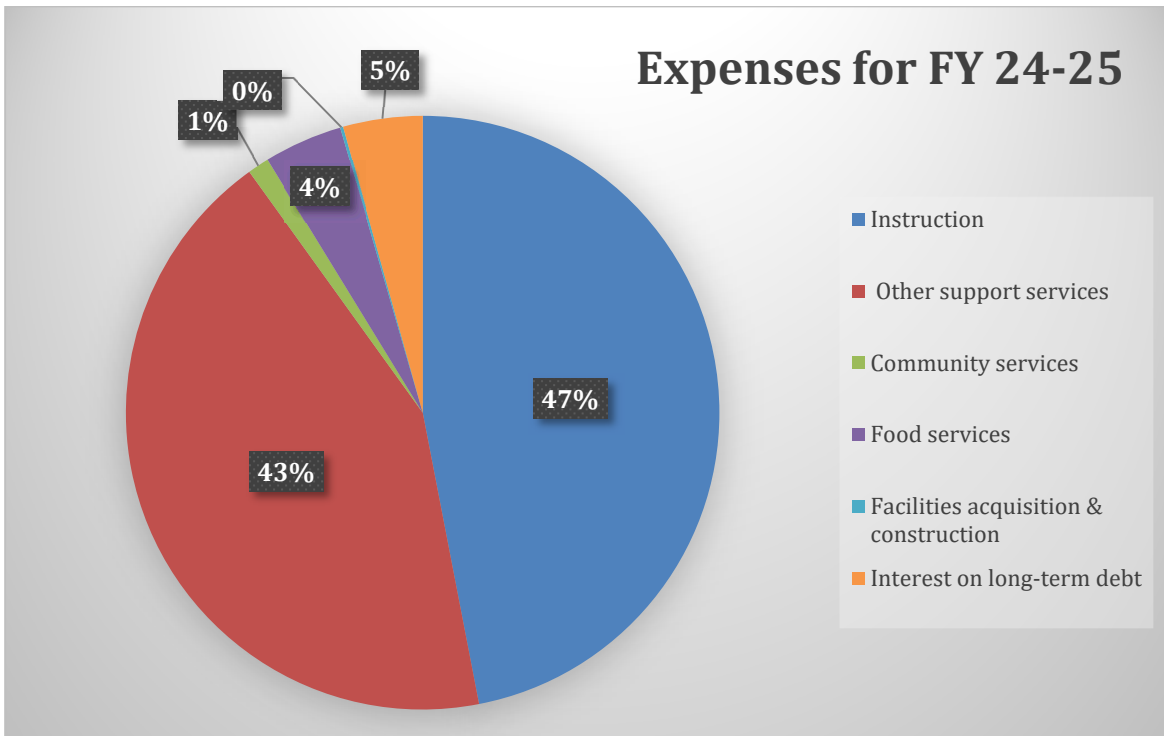


Chart 5

Cañon City Schools
Management’s Discussion & Analysis
For the Fiscal Year Ended June 30, 2025

Governmental Activities

The primary source of operating revenue for school Districts is per pupil funding, which comes from the School Finance Act of 1994 as amended. In fiscal year 2025, the funded pupil count was 3,202.6 and the District received \$11,008 per pupil.

Funding for the School Finance Act comes from property taxes, specific ownership tax and state equalization. The District receives approximately 71 percent of this funding from state equalization. State law allows school Districts to obtain an additional 29 percent of SFA program funding from local property and specific ownership taxes (SOT). The District’s assessed valuation generated \$16.5 million in property and SOT tax revenue under the School Finance Act in fiscal year 2025.

The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. **Table -6-** shows, for governmental activities, the total cost of services. That is, it identifies the cost of these services supported by unrestricted state equalization and property taxes.

Governmental Activities

	2024	2025
Instruction	\$27,262,949	\$26,715,015
Supporting services	24,564,407	24,523,461
Food service operations	2,074,601	2,426,619
Community Services	695,490	674,012
Facilities acquisition	272,438	92,010
Interest on long-term debt	1,848,212	2,462,027
Total	\$56,718,097	\$56,893,144

The cost of all *governmental* activities this year was \$56.9 million.

- Some of the cost was financed by the users of the District’s programs (\$1.9 million)
- The federal and state government subsidized certain programs with grants and contributions (\$22 million).
- A portion of governmental activities was financed with \$22 million in state equalization from the School Finance Act of 1994 and \$16.5 million in property and specific ownership taxes.

Cañon City Schools
Management's Discussion & Analysis
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Financial Analysis of the District's Funds

Information about the District's major funds starts on page 3. These funds are accounted for using the modified accrual basis of accounting. All governmental funds have total revenues of \$65.6 million and expenditures of \$84.6 million.

Budgetary Highlights

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. Individual Fund Statements and Schedules begin on page 52.

- General Fund (Funds 10, 18, & 19) actual revenues exceeded actual expenditures by \$366 thousand prior to transfers out, which totaled \$1.5 million, resulting in a net change in fund balance of \$-1.1 million. Actual expenditures were less than the amended budget amount. A large portion of this was the contingency reserves that were fully appropriated but not utilized. The General Fund balance at fiscal year-end is \$8.7 million, which is a decrease from the prior year. The fund balance is 21.0% of FY24-25 expenditures.
- Food Service Fund (Fund 21) actual expenditures exceeded revenues by \$99 thousand. The ending fund balance is \$1.3 million at year end. This decrease was mainly due to the increases in salaries and benefits as well as increased food costs.
- Grants Fund (Fund 22) expenditures were less than the budgeted amount of \$416 thousand and were matched to revenues.
- Pupil Activity Fund (Fund 23) actual expenditures were over budget by \$92,608 and matched to revenues with the General Fund allocation for amounts in excess of participation, gate and other revenues.
- Student Clubs and Organizations Fund (Fund 27) Actual revenues exceeded expenditures by \$85 thousand during the year. Total fund balances for clubs and organizations increased to \$702 thousand at year end. These funds are property of the various clubs and organizations and are not available to support regular school District operations.
- Bond Redemption Fund (Fund 31) expenditures were within budget. Expenditures exceeded revenues by \$200 thousand with the Bond Fund balance remaining \$4.1 million at year end.
- Building Fund (Fund 41) Expenditures exceeded revenue by \$16.5 million. The ending fund balance decreased to \$21.5 million primarily due to multiple construction projects throughout the district.
- Capital Reserve (Fund 43) - Capital Projects unrestricted fund balance decreased to \$1.2 million. The reason for the large decrease is due to the payments for parking lot improvements and employee housing projects.
- Scholarships Fund (Fund 72) revenue exceeded expenditures by \$20 thousand. Total fund balances for scholarship accounts at year end were \$521 thousand.

Cañon City Schools
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- Component Unit Fund (Fund 73) – tracks activity for Cañon City Educational Organization for Excellence (CCEOE). CCEOE was created to organize and operate supplemental programs, which will assist and supplement School District Fremont RE-1 in discharging its educational responsibilities.
- Component Unit Fund (Fund 75) - tracks activity of the Fremont Schools Facilities Corporation (FSFC). FSFC was created in conjunction with the Family Center Apartments and was also used to issue Certificates of Participation for the purchase and remodel of Garden Park High School and the remodel of a portion of the old Harrison Elementary School into what is now known as the ACCESS Center.
- District Debt Fund (Fund 90) is a contra account used to report long-term debt. Fund 90 is used to report the District’s debt associated with the 2003/2004 Capital Construction General Obligations (GO) Bonds, including the 2011 and 2014 refinancing of a portion of outstanding bonds to secure better interest rates. The 2011 bonds were paid in full in December 2023. Fund 90 also includes reporting for the \$4 million GO bonds issued in December 2017, the \$8 million GO bonds issued in 2018 for the CCMS replacement project, the \$6.2 million GO bonds issued in 2018 for the Washington replacement project, and the \$34.5 million GO Bonds for the Canon City High School addition / improvements as well as improvements to Lincoln School of Science and Technology, McKinley Elementary School, and Canon Exploratory School. As of FY 17-18, Fund 90 is also used to report mill override activity.

Capital Assets and Debt Administration

By the end of 2025 the District had invested \$163.2 million in land, buildings, equipment, and transportation vehicles. **Table -7-** shows fiscal 2024 and 2025:

Table-7-
Capital Assets at June 30
(Net of Depreciation)

(Net of Depreciation)	Governmental Activities	
	2024	2025
Land	\$2,220,137	\$2,220,137
Construction in Progress	5,550,791	29,629,139
Improvements	85,300,403	86,806,805
Vehicles	266,061	465,147
Equipment	4,116,972	3,616,772
Net	\$97,454,364	\$122,738,000

Additional information on the District’s capital assets can be found in Note (7) of this report.

Cañon City Schools
Management’s Discussion & Analysis
For the Fiscal Year Ended June 30, 2025

Long-Term Debt

The outstanding principal balance on General Obligation Bonds at year end was \$48.5 million, including unamortized bond premium. In March 2024, the District issued \$34.5 million in General Obligation bonds to be used for the local match for the BEST grant to renovate and upgrade Cañon City High School as well as additions to Lincoln School of Science and Technology, McKinley Elementary School, and Cañon Exploratory School.

At year end the District had \$8.3 million in leases payable. Compensated absences increased to \$6.3 million.

Total Long-Term Debt decreased by \$9.2 million.

	Outstanding Debt, at Year End	
	<u>June 30,2024</u>	<u>June 30,2025</u>
General Obligation Bonds	\$55,689,640	\$53,543,418
Leases Payable	8,623,146	8,258,738
Compensated Absences	6,211,684	6,324,865
Net Pension Liability	67,838,741	61,574,463
Net OPEB Liability	1,638,033	1,092,505
Total	\$140,001,244	\$130,793,989

Additional information on the District’s long-term debt can be found in Note (9) of this report.

Factors bearing on the District’s Future

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

- The District’s enrollment continues to slide. The District’s enrollment peaked in October 2001 at 4,255. The District’s funded pupil count for 2024-25 was 3,108. Notably, the impact of the declining enrollment with the highest year falling off the five-year averaging, resulted in a 185-student decrease for Fiscal Year 24-25.
- The Colorado Public Employee Retirement Association (PERA) provides retirement and other benefits to public employees statewide, including public school employees. PERA has been actuarially underfunded. To improve PERA’s financial position employer contribution rates have been increasing for several years. The 2018 legislative session addressed PERA’s funding shortfall by committing more than \$220 million per year directly to the system moving forward, though this was paused during FY 21 due to concerns about state revenue collections during the pandemic.
- The Public-School Financial Transparency Act was signed into law during the 2010 Legislative session. This act directs local education providers to post financial information on-line for free public access. To meet the requirements of the act the District has posted required information on its website under a Financial Transparency tab. Information includes annual budgets, audit reports, quarterly financial reports, salary schedules, check registers, and credit card statements.

Cañon City Schools
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For the Fiscal Year Ended June 30, 2025

- Statewide the Budget Stabilization Factor has been eliminated for fiscal year 2024-25.
- For fiscal years beginning July 1, 2014, the District adopted GASB Statement 68. GASB 68 requires that State and local governments record their share of pension plan unfunded liabilities. Net pension liability is reported in District-wide financial statements. For fiscal year 2025, the District's GASB 68 liability decreased from \$67 million to \$61 million.
- In spring of 2017, the Colorado Legislature passed the Rural Sustainability Act. This provided what was believed to be a one-time \$171 per pupil funding infusion totaling \$634 thousand. A second year of rural sustainability funding was approved in spring 2018 from which the District received \$615 thousand. This funding was reduced by 33% in FY19 and completely disappeared in FY 20. However, passage of Proposition EE in November 2020 has ensured the District receive the funding for FY 22, 23, and 24. The funds received in 2024 were allocated to Capital Reserve for the employee housing project.
- Finally, in November 2020, Colorado voters repealed the Gallagher Amendment AND the Colorado legislature finally passed a mill-equity law. This impacted Cañon City taxpayers by requiring personal property owners pay a larger portion of the District's operating expenses and business owners to pay somewhat less. Additionally, greater property tax equity around the state means, at no extra cost to Cañon City taxpayers, more revenue will be available to distribute to school Districts across the state, and systems like ours may benefit more greatly from locally passed mill overrides through a state match system much like BEST.

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, parents, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact:

By mail: Cañon City Schools
Director of Business Services
101 N. 14th St.
Canon City, CO 81212

By e-mail: glenn.hayes@canoncityschools.org
By phone: (719) 276-5707

Or visit our website: www.canoncityschools.org

BASIC FINANCIAL STATEMENTS

SCHOOL DISTRICT FREMONT RE-1
STATEMENT OF NET POSITION
JUNE 30, 2025

	Primary Government	Component Units	
	Governmental Activities	Charter School	Facilities Corporations
ASSETS			
Cash and investments	\$ 21,149,276	\$ 583,523	\$ 1,187,633
Restricted cash and investments	26,966,326	-	-
Cash with county treasurer	330,679	-	-
Receivables	2,927,696	7,682	-
Due from primary government	-	908,478	227,487
Due from fiduciary fund	18,831	-	-
Due from component units	3,724	-	-
Inventories and prepaid items	56,798	-	-
Capital assets, not being depreciated	31,849,276	474,460	33,000
Capital assets being depreciated, net	91,314,339	942,643	994
Total assets	<u>174,616,945</u>	<u>2,916,786</u>	<u>1,449,114</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred pension outflows	13,263,861	696,214	-
Deferred OPEB outflows	190,413	10,824	-
Total deferred outflows of resources	<u>13,454,274</u>	<u>707,038</u>	<u>-</u>
LIABILITIES			
Accounts payable and other current liabilities	5,911,017	7,929	-
Accrued salaries and benefits	4,604,233	316,368	-
Due to primary government	-	-	3,724
Due to component units	1,135,965	-	-
Unearned revenue	1,870,593	-	-
Accrued interest payable	321,846	-	-
Long-term liabilities:			
Due within one year	1,501,364	-	-
Due in more than one year	66,625,657	316,377	-
Net pension liability	61,574,463	3,266,952	-
Net OPEB liability	1,092,505	57,965	-
Total liabilities	<u>144,637,643</u>	<u>3,965,591</u>	<u>3,724</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred pension inflows	3,711,589	217,738	-
Deferred OPEB inflows	601,357	34,643	-
Total deferred inflows of resources	<u>4,312,946</u>	<u>252,381</u>	<u>-</u>
NET POSITION			
Net investment in capital assets	84,292,767	1,417,103	33,994
Restricted for:			
Emergency reserve (TABOR)	1,645,000	96,500	-
Debt service	4,157,785	-	-
Preschool program	129,357	-	-
Unrestricted	(51,104,279)	(2,107,751)	1,411,396
Total net position	<u>\$ 39,120,630</u>	<u>\$ (594,148)</u>	<u>\$ 1,445,390</u>

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

**SCHOOL DISTRICT FREMONT RE-1
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025**

<u>Functions/Programs</u>	<u>Program Revenue</u>				<u>Net (Expense) Revenue and Changes in Net Position</u>		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Primary Government</u>	<u>Charter School</u>	<u>Facilities Corporations</u>
Primary government							
Governmental activities							
Instruction	\$ 26,715,015	\$ 1,596,357	\$ 9,760,629	\$ -	\$ (15,358,029)	\$ -	\$ -
Supporting services	24,523,461	153,293	446,742	-	(23,923,426)		
Food service operations	2,426,619	104,056	2,207,584	-	(114,979)		
Community services	674,012	-	-	-	(674,012)		
Facilities acquisition	92,010	-	-	9,582,300	9,490,290		
Interest on long-term debt	2,462,027	-	-	-	(2,462,027)		
Total primary government	<u>\$ 56,893,144</u>	<u>\$ 1,853,706</u>	<u>\$ 12,414,955</u>	<u>\$ 9,582,300</u>	<u>(33,042,183)</u>		
Component units							
Charter school	\$ 3,039,019	\$ 87,960	\$ 106,158	\$ 95,180		(2,749,721)	
Facilities Corporations	78,813	-	60,653	-			(18,160)
Total component units	<u>\$ 3,117,832</u>	<u>\$ 87,960</u>	<u>\$ 166,811</u>	<u>\$ 95,180</u>			
General revenues:							
Property taxes					14,910,101	-	-
Specific ownership taxes					1,603,820	-	-
State equalization					22,045,221	-	-
Per pupil revenue					-	2,901,565	-
Grants and contributions not restricted to specific programs					3,943	6,425	-
Unrestricted investment earnings					2,666,120	15,185	53,250
Unrealized gain					-	-	62,947
Miscellaneous					139,060	-	-
Total general revenues					<u>41,368,265</u>	<u>2,923,175</u>	<u>116,197</u>
Change in net position					8,326,082	173,454	98,037
Net position - beginning, as restated (deficit)					<u>30,794,548</u>	<u>(767,602)</u>	<u>1,347,353</u>
Net position - ending (deficit)					<u>\$ 39,120,630</u>	<u>\$ (594,148)</u>	<u>\$ 1,445,390</u>

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

SCHOOL DISTRICT FREMONT RE-1
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2025

	General Fund	Governmental Designated- Purpose Grants Fund	Building Fund	Capital Projects Fund	Total Nonmajor Funds	Total Governmental Funds
ASSETS						
Cash and investments	\$ 14,372,475	\$ -	\$ 454,553	\$ 3,616,522	\$ 2,705,726	\$ 21,149,276
Restricted cash and investments	-	-	22,938,230	-	4,028,096	26,966,326
Cash with county treasurer	274,944	-	-	-	55,735	330,679
Receivables	576,961	662,539	1,218,795	-	469,401	2,927,696
Due from other funds	1,135,539	1,575,819	3,547,451	-	859,777	7,118,586
Due from fiduciary funds	18,831	-	-	-	-	18,831
Due from component units	3,724	-	-	-	-	3,724
Inventories and prepaid items	45,492	-	-	-	11,306	56,798
Total assets	<u>\$ 16,427,966</u>	<u>\$ 2,238,358</u>	<u>\$ 28,159,029</u>	<u>\$ 3,616,522</u>	<u>\$ 8,130,041</u>	<u>\$ 58,571,916</u>
LIABILITIES						
Accounts payable and other current liabilities	\$ 98,792	\$ 35,350	\$ 5,746,868	\$ -	\$ 30,007	\$ 5,911,017
Accrued salaries and benefits	3,874,559	541,373	-	-	188,301	4,604,233
Due to other funds	2,105,582	-	872,124	2,429,981	1,710,899	7,118,586
Due to component units	1,135,965	-	-	-	-	1,135,965
Unearned revenue	208,958	1,661,635	-	-	-	1,870,593
Total liabilities	<u>7,423,856</u>	<u>2,238,358</u>	<u>6,618,992</u>	<u>2,429,981</u>	<u>1,929,207</u>	<u>20,640,394</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue-property taxes	325,589	-	-	-	187,149	512,738
Total deferred inflows of resources	<u>325,589</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>187,149</u>	<u>512,738</u>
FUND BALANCES						
Nonspendable for:						
Inventories and prepaid items	45,492	-	-	-	11,306	56,798
Restricted for:						
Emergency reserve (TABOR)	1,645,000	-	-	-	-	1,645,000
Debt service	-	-	-	-	4,157,785	4,157,785
Capital projects	-	-	21,540,037	-	-	21,540,037
Preschool	129,357	-	-	-	-	129,357
Committed for:						
Capital projects	-	-	-	1,186,541	-	1,186,541
Food service operations	-	-	-	-	1,272,465	1,272,465
Pupil Activities	-	-	-	-	572,129	572,129
Unassigned	6,858,672	-	-	-	-	6,858,672
Total fund balances	<u>8,678,521</u>	<u>-</u>	<u>21,540,037</u>	<u>1,186,541</u>	<u>6,013,685</u>	<u>37,418,784</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 16,427,966</u>	<u>\$ 2,238,358</u>	<u>\$ 28,159,029</u>	<u>\$ 3,616,522</u>	<u>\$ 8,130,041</u>	<u>\$ 58,571,916</u>

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

SCHOOL DISTRICT FREMONT RE-1
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
JUNE 30, 2025

Amounts reported for governmental activities in the statement of net position are different because:

Total fund balance - governmental funds	\$	37,418,784
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Capital assets, not being depreciated	\$	31,849,276
Capital assets, net of depreciation/amortization		<u>91,314,339</u>
		123,163,615
Property tax receivable is not available to pay current period expenditures and, therefore, is not reported in the funds.		
		512,738
Long-term liabilities and related items are not due and payable in the current year and, therefore, are not reported in government funds:		
Net pension liabilities	\$	(61,574,463)
Pension outflows		13,263,861
Pension inflows		(3,711,589)
Net OPEB liabilities		(1,092,505)
OPEB outflows		190,413
OPEB inflows		(601,357)
Accrued interest		(321,846)
Compensated absences		(6,324,865)
Leases payable		(8,258,738)
Bonds payable		<u>(53,543,418)</u>
		<u>(121,974,507)</u>
Net position of governmental activities in the statement of net position	\$	<u><u>39,120,630</u></u>

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

SCHOOL DISTRICT FREMONT RE-1
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

	<u>General Fund</u>	<u>Governmental Designated- Purpose Grants Fund</u>	<u>Building Fund</u>	<u>Capital Projects Fund</u>	<u>Total Nonmajor Funds</u>	<u>Total Governmental Funds</u>
REVENUES						
Local sources	\$ 14,382,112	\$ 183,667	\$ 1,773,596	\$ 24,326	\$ 5,088,646	\$ 21,452,347
State sources	26,018,077	2,062,422	9,582,300	-	352,685	38,015,484
Federal sources	159,271	4,189,918	-	-	1,854,899	6,204,088
Total revenues	<u>40,559,460</u>	<u>6,436,007</u>	<u>11,355,896</u>	<u>24,326</u>	<u>7,296,230</u>	<u>65,671,919</u>
EXPENDITURES						
Instruction	22,597,165	2,522,786	-	-	1,297,580	26,417,531
Supporting services	17,147,986	3,726,739	-	525,997	626,647	22,027,369
Food service operations	-	-	-	-	2,365,782	2,365,782
Community services	398,974	269,482	-	-	-	668,456
Education for adults	69	-	-	-	-	69
Facilities acquisition and construction	-	2,000	27,880,786	337,273	-	28,220,059
Debt service	49,142	-	-	654,546	4,262,549	4,966,237
Total expenditures	<u>40,193,336</u>	<u>6,521,007</u>	<u>27,880,786</u>	<u>1,517,816</u>	<u>8,552,558</u>	<u>84,665,503</u>
Excess (deficiency) of revenues over expenditures	<u>366,124</u>	<u>(85,000)</u>	<u>(16,524,890)</u>	<u>(1,493,490)</u>	<u>(1,256,328)</u>	<u>(18,993,584)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	85,000	-	524,889	910,597	1,520,486
Transfers out	<u>(1,520,486)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,520,486)</u>
Total other financing sources (uses)	<u>(1,520,486)</u>	<u>85,000</u>	<u>-</u>	<u>524,889</u>	<u>910,597</u>	<u>-</u>
Net change in fund balances	(1,154,362)	-	(16,524,890)	(968,601)	(345,731)	(18,993,584)
Fund balances - beginning	<u>9,832,883</u>	<u>-</u>	<u>38,064,927</u>	<u>2,155,142</u>	<u>6,359,416</u>	<u>56,412,368</u>
Fund balances - ending	<u>\$ 8,678,521</u>	<u>\$ -</u>	<u>\$ 21,540,037</u>	<u>\$ 1,186,541</u>	<u>\$ 6,013,685</u>	<u>\$ 37,418,784</u>

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

**SCHOOL DISTRICT FREMONT RE-1
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025**

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds: \$ (18,993,584)

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 by which depreciation exceeded capital outlays in the current period.

Capital outlays	\$ 28,596,391	
Depreciation/amortization expense	<u>(3,517,215)</u>	25,079,176

Governmental funds do not present property tax revenues that are not available to pay current obligations. In contrast, such revenues are reported in the statement of activities when earned. 127,172

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of the governmental funds. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Repayment of principal 2,219,061

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

Accrued interest on long-term debt	\$ 10,775	
Amortization of bond premium	291,569	
Amortization of deferred amounts on refunding	(17,195)	
Compensated absences	(113,181)	
Changes in pension related items	(681,988)	
Changes in OPEB related items	<u>404,277</u>	<u>(105,743)</u>

Change in net position of governmental activities \$ 8,326,082

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

**SCHOOL DISTRICT FREMONT RE-1
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE, 30 2025**

	<u>Private-Purpose Trust Fund</u>
ASSETS	
Cash and investments	\$ 167,797
Restricted cash and investments	372,240
Due from internal balances	<u>32,580</u>
Total assets	<u><u>\$ 572,617</u></u>
LIABILITIES	
Due to primary government	<u>\$ 51,411</u>
Total liabilities	<u>51,411</u>
NET POSITION	
Held in trust for individuals:	
Nonexpendable	287,270
Expendable	<u>233,936</u>
Total net position	<u>521,206</u>
Total liabilities and net position	<u><u>\$ 572,617</u></u>

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

**SCHOOL DISTRICT FREMONT RE-1
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE, 30 2025**

	Private-Purpose Trust Fund
ADDITIONS	
Investment income	\$ 24,939
Donations	6,500
Total additions	31,439
DEDUCTIONS	
Scholarship awards	11,224
Total deductions	11,224
Change in net position	20,215
Net position - beginning	500,991
Net position - ending	\$ 521,206

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

**SCHOOL DISTRICT FREMONT RE-1
STATEMENT OF FINANCIAL POSITION
FREMONT SCHOOLS FACILITIES CORPORATIONS
JUNE 30, 2025**

	<u>Facilities Corp.</u>	<u>CCEOE</u>	<u>Total</u>
ASSETS			
Current assets			
Cash and investments	\$ 1,116,507	\$ 71,126	\$ 1,187,633
Due from interfunds	-	227,487	227,487
Total current assets	<u>1,116,507</u>	<u>298,613</u>	<u>1,415,120</u>
Non-current assets			
Capital assets not being depreciated	-	33,000	33,000
Capital assets being depreciated, net	994	-	994
Total non-current assets	<u>994</u>	<u>33,000</u>	<u>33,994</u>
Total assets	<u>\$ 1,117,501</u>	<u>\$ 331,613</u>	<u>\$ 1,449,114</u>
LIABILITIES AND NET POSITION			
Current liabilities			
Due to interfunds	\$ 3,724	\$ -	\$ 3,724
Total liabilities	<u>3,724</u>	<u>-</u>	<u>3,724</u>
Net position			
Investment in capital assets	994	33,000	33,994
Unrestricted	1,112,783	298,613	1,411,396
Total net position	<u>1,113,777</u>	<u>331,613</u>	<u>1,445,390</u>
Total liabilities and net position	<u>\$ 1,117,501</u>	<u>\$ 331,613</u>	<u>\$ 1,449,114</u>

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

**SCHOOL DISTRICT FREMONT RE-1
STATEMENT OF ACTIVITIES
FREMONT SCHOOLS FACILITIES CORPORATIONS
YEAR ENDED JUNE 30, 2025**

	<u>Facilities Corp.</u>	<u>CCEOE</u>	<u>Total</u>
UNRESTRICTED NET POSITION			
Support and revenue			
Donations	\$ 26,998	\$ 33,655	\$ 60,653
Investment earnings	52,597	653	53,250
Unrealized gain (loss)	62,947	-	62,947
Total support and revenue	<u>142,542</u>	<u>34,308</u>	<u>176,850</u>
Expenses			
Program expenses	<u>55,480</u>	<u>23,333</u>	<u>78,813</u>
Total expenses	<u>55,480</u>	<u>23,333</u>	<u>78,813</u>
Change in net position	87,062	10,975	98,037
Net position - beginning, as restated	<u>1,026,715</u>	<u>320,638</u>	<u>1,347,353</u>
Net position - ending	<u>\$ 1,113,777</u>	<u>\$ 331,613</u>	<u>\$ 1,445,390</u>

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

SCHOOL DISTRICT FREMONT RE-1
STATEMENT OF CASH FLOWS
FREMONT SCHOOLS FACILITIES CORPORATIONS
YEAR ENDED JUNE 30, 2025

	<u>Facilities Corp.</u>	<u>CCEOE</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Change in net position	\$ 87,062	\$ 10,975	\$ 98,037
Adjustments to reconcile change in net position to net cash provided (used) by operating activities:			
Depreciation	26,704	-	26,704
Unrealized gain (loss)	(62,947)	-	(62,947)
Adjustments to change 12/31 year end to 6/30 year end	(8,334)	(15,753)	(24,087)
Net cash provided (used) by operating activities	<u>42,485</u>	<u>(4,778)</u>	<u>37,707</u>
Net increase (decrease) in cash and cash equivalents	42,485	(4,778)	37,707
Cash and cash equivalents - beginning, as restated	<u>3,509</u>	<u>75,904</u>	<u>79,413</u>
Cash and cash equivalents - ending	<u>\$ 45,994</u>	<u>\$ 71,126</u>	<u>\$ 117,120</u>
Reconciliation of cash and investments to the Statement of Financial Position:			
Cash and cash equivalents	\$ 45,994	\$ 71,126	\$ 117,120
Investments	<u>1,070,513</u>	<u>-</u>	<u>1,070,513</u>
Cash and investments at year-end	<u>\$ 1,116,507</u>	<u>\$ 71,126</u>	<u>\$ 1,187,633</u>

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

NOTES TO FINANCIAL STATEMENTS

**SCHOOL DISTRICT FREMONT RE-1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of School District Fremont RE-1 (the District) have been 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 in GAAP and used by the District are discussed below.

A. REPORTING ENTITY

The District was established in 1866 and is organized under the Constitution of the State of Colorado. The legislative power of the School District is vested in the Board of Education, consisting of five members elected at large for staggered four-year terms.

The School District serves the eastern area of Fremont County.

The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units are, in substance, part of the primary government's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is both legally and substantively separate from the government.

Discretely Presented Component Units. The District's Board of Education has authorized one charter school and two Facilities Corporations for operation: Mountain View Core Knowledge School (the Charter School), Fremont School Facilities Corporation (the Facilities Corp) and Canon City Educational Organization for Excellence, Inc. (CCEOE). The charter school is fiscally dependent on the District since the District provides the majority of support to the school in the form of per pupil revenue. Also, the potential exists that their exclusion from the District's reporting entity would cause the District's statements to be misleading or incomplete. Separate financial statements have not been prepared for the Facilities Corp.

Separately issued financial statements for the charter schools may be obtained by writing to the following:

Mountain Core View Knowledge School
890 Field Ave
Cañon City, CO 81212

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. Any fiduciary activities are reported only in the fund financial statements. *Governmental activities* are supported by taxes and intergovernmental revenues. The *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

SCHOOL DISTRICT FREMONT RE-1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The statement of activities demonstrates the degree to which direct expenses of given functions or segments are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include (1) charges to students or other service users who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as *general revenues* rather than as program revenues.

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds. Separate financial statements are provided for governmental funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges for interfund services provided and used, the elimination of which would distort the direct costs and program revenues reported for the various functions.

The emphasis of fund financial statements is on major funds. Major individual funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as non-major funds.

The District reports the following major governmental funds:

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

The *Designated Purpose Grants Fund* is used to record financial transactions for grants received for designated programs funded by federal, state or local governments.

The *Building Fund* accounts all resources available for acquiring capital sites, building and equipment.

The *Capital Projects Fund* is used to account for the purposes of acquisition of sites, buildings, equipment, and vehicles.

Additionally, the District reports the following fund types:

Special Revenue Funds account for revenue sources that are legally restricted to expenditure for specific purposes.

The *Food Service Fund* accounts for transactions related to food service operations. It also accounts for USDA school breakfast/lunch money.

The *Pupil Activity Fund* accounts for financial transactions related to school sponsored pupil intra-scholastic and interscholastic athletic and other related activities.

The *Activities – Special Revenue Fund* is used to record financial transactions related to school-sponsored pupil intra-scholastic and interscholastic athletic and related events. These activities are supported by revenues from pupils, gate receipts and other fund-raising activities.

SCHOOL DISTRICT FREMONT RE-1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Debt Service Fund accounts for the servicing of long-term debt.

The *Bond Redemption Fund* accounts for the servicing of long-term debt not being financed by the capital reserve or other funds.

Fiduciary Funds account for assets held by the District in a trustee capacity or as an agent on behalf of individuals or private organizations.

The *Private-Purpose Trust Fund* reports trust arrangements under which the principal and income benefit scholarship recipients and are not used as part of operations of the District.

During the course of operations, the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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

SCHOOL DISTRICT FREMONT RE-1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis* of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the period or soon enough thereafter to pay liabilities of the current fiscal period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions, including entering into contracts giving the District the right to use leased assets, are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under leases are reported as other financing sources.

Property taxes, interest, and charges for services associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Specific ownership taxes collected and held by the county at year-end on behalf of the District are also recognized as revenue. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 120 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the District.

*D. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND NET POSITION/
FUND BALANCE*

Cash and cash equivalents

The District pools cash resources of its various funds in order to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balance in the cash account is available to meet current operating requirements. Cash and cash equivalents include cash on hand and in the bank and short-term investments with original maturities of three months or less from the date of acquisition.

Investments

Investments with a maturity of less than one year when purchased, non-negotiable certificates of deposit, and other nonparticipating investments are stated at cost or amortized cost. Investments with a maturity greater than one year when purchased are stated at fair value. Fair value is the price that would be received to sell an investment in an orderly transaction at year end.

Local government investment pools in Colorado must be organized under Colorado Revised Statutes, which allows certain types of governments within the state to pool their funds for investment purposes. Investments in such pools are reported at net asset value.

Receivables

All receivables are reported at their gross values and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

SCHOOL DISTRICT FREMONT RE-1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Inventories and prepaid items

Inventories are recorded as expenditures/expenses when consumed rather than when purchased. General warehouse inventory is valued at cost using the first-in/first-out (FIFO) method. Food Service inventory is stated at cost using the weighted average method except for commodities. USDA donated food commodities are valued at estimated acquisition value at the date of receipt.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Capital assets

Capital assets include tangible and intangible assets that are reported in the governmental activities column in the government-wide financial statements. Capital assets, except for lease assets, are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. For lease assets, only those intangible lease assets that cost more than \$50,000 are reported as capital assets.

As the District constructs or acquires capital assets each period they are capitalized and reported at historical cost (except for intangible right-to-use lease assets, the measurement of which is discussed in Note 1 D. *Leases* below). The reported value excludes normal maintenance and repairs, which are amounts spent in relation to capital assets that do not increase the asset's capacity or efficiency or increase its estimated useful life. Donated capital assets are recorded at acquisition value at the date of donation. Acquisition value is the price that would be paid to acquire an asset with equivalent service potential on the date of the donation. Intangible assets follow the same capitalization policies as tangible capital assets and are reported with tangible assets in the appropriate capital asset class.

Land and construction in progress are not depreciated. The other tangible and intangible assets of the District are depreciated/amortized using the straight-line method over the following estimated useful lives:

Buildings and improvements	20-50 years
Equipment	5-15 years
Vehicles	10 years

Accrued Salaries and Benefits

Salaries and benefits of teachers and other contracted personnel are paid over a twelve-month period but are earned during a school year of approximately nine months. The salaries and benefits earned, but unpaid, are reported as a liability in the respective funds and have been fully funded as of the fiscal year end.

Unearned Revenue

Unearned revenue includes resources received by the District before the related revenue can be recognized because the earnings process is not complete.

SCHOOL DISTRICT FREMONT RE-1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for *deferred outflows of resources*. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Leases

Lessee: The District is a lessee for noncancellable leases of vehicles and equipment. The District recognizes a lease liability and an intangible right-to-use lease assets in the government-wide financial statements. The District recognizes lease liabilities with an initial, individual value of \$50,000 or more.

At the commencement of a lease, the District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the District determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the District is reasonably certain to exercise.

The District monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

SCHOOL DISTRICT FREMONT RE-1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Long-term liabilities

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Bond premiums and discounts are deferred and amortized over the life of the debt using the straight-line method. Bonds payable are reported net of the applicable premium or discount.

In the fund financial statements, governmental fund types recognize premiums and discounts, as well as 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. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Pensions

School District Fremont RE-1 participates in the School Division Trust Fund (SCHDTF), a cost-sharing multiple-employer defined benefit pension plan administered by the Public Employees' Retirement Association of Colorado (PERA). The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position (FNP) and additions to/deductions from the FNP of the SCHDTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

OPEB

School District Fremont RE-1 participates in the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit OPEB fund administered by the Public Employees' Retirement Association of Colorado ("PERA"). The net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, information about the fiduciary net position (FNP) and additions to/deductions from the FNP of the HCTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefits paid on behalf of health care participants are recognized when due and/or payable in accordance with the benefit terms. Investments are reported at fair value.

Net position

For government-wide reporting the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called net position. Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted.

Net investment in capital assets consists of capital assets, net of accumulated depreciation/amortization and reduced by outstanding balances of bonds, notes, and other debt that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.

SCHOOL DISTRICT FREMONT RE-1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Restricted net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either by external parties or by law through constitutional provision or enabling legislation.

Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Fund balance classification

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications available to be used in the governmental fund financial statements are as follows:

Nonspendable – This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact.

Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal resolution of the Board of Education. These amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same type of action that was used when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

Assigned – This classification includes amounts that are constrained by the District's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Education or through the Board of Education delegating this responsibility to management through the budgetary process. This classification also includes the remaining positive fund balance for any governmental funds except for the General Fund.

Unassigned – This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

SCHOOL DISTRICT FREMONT RE-1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The District would typically use Restricted fund balances first, followed by Committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned resources first to defer the use of these other classified funds.

E. REVENUES AND EXPENDITURES/EXPENSES

Property Taxes

Property taxes for the current year are certified in arrears to the County by December 15, and attach as an enforceable lien on property the following January 1. Property taxes are payable in full by April 30, or are payable in two equal installments due February 28 and June 15. The County Treasurer bills and collects the District's property tax. District property tax revenues are recognized when levied to the extent they result in current receivables.

The District is permitted to levy taxes on the assessed valuation for general governmental services and for the payment of principal and interest on long-term debt. The tax rate for the collection year ended December 31, 2025 is 31.228 mills for general operating expenses and 11.413 mills for the payment of long-term debt. The District's assessed valuation for the collection year 2024 is \$343,667,514. Taxes are assessed on \$337,310,001 which is the assessed valuation net of tax increment financing.

Specific Ownership Taxes

Specific ownership taxes are collected by the county for motor vehicle and other personal property registered in the District's assessment area. The tax receipts collected by the county are remitted to the District in the subsequent month and are considered unrestricted intergovernmental revenues. Specific ownership taxes are recorded as revenue when collected by the county.

Compensated Absences

The District recognizes a liability for compensated absences in accordance with the provisions of GASB Statement No. 101, *Compensated Absences*. Under this standard, a liability is reported for leave that is attributable to services already rendered, is to be used for time off, and is more likely than not to be used for time off or otherwise paid.

Vacation leave that meets these criteria is accrued when earned in the government-wide financial statements. Sick leave is accrued only to the extent that it is reasonably expected to be paid upon separation or used in future periods. The amount reported as a liability is based on the pay rates in effect at the end of the reporting period and includes applicable salary-related payments.

In the governmental fund financial statements, compensated absences are recognized as expenditures only when due.

F. ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

SCHOOL DISTRICT FREMONT RE-1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

Budgets are required by State law for all funds, except fiduciary funds. The Superintendent submits a proposed budget to the Board of Education for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing them. It also includes a statement describing the major objectives of the educational program to be undertaken by the District and the manner in which the budget proposes to fulfill such objectives. Public hearings are conducted by the Board of Education to obtain public comments.

On or before June 30, the budget is adopted by formal resolution. After the adoption of the budget, the board may review and change the budget at any time prior to January 31 of the fiscal year for which the budget was adopted. After January 31, the board may not review or change the budget except where money for a specific purpose from other than ad valorem taxes becomes available which could not have been reasonably foreseen at the time of the adoption of the budget. Expenditures may not legally exceed appropriations at the fund level. Authorization to transfer budgeted amounts between line items within any fund rests with the Superintendent. Revisions that alter the total expenditures in any fund must be approved by the Board of Education. Appropriations are based on total funds expected to be available in each budget year, including beginning fund balances as established by the Board of Education.

Budgets for all fund types are adopted on a basis consistent with Generally Accepted Accounting Principles (GAAP). GAAP-basis accounting requires that expenditures of salaries and related benefits be recorded in the fiscal year earned. Thus, the District budgets for all accrued salaries and related benefits earned but unpaid at June 30. Budgeted amounts reported in the accompanying financial statements are as originally adopted and as amended by the Superintendent and/or Board of Education throughout the year. All appropriations lapse at the end of each fiscal year.

Excess of Expenditures over Appropriations

For the year ended June 30, 2025, expenditures exceeded appropriations in the Pupil Activity Fund by \$92,608.

Deficit Fund Equity

At June 30, 2025, the Pupil Activity Fund, has a deficit fund balance of \$130,475 due to higher expenses. This deficit will be eliminated through a budgeted transfer from the General Fund during the 2025/2026 fiscal year.

**SCHOOL DISTRICT FREMONT RE-1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 3 – DEPOSITS AND INVESTMENTS

A summary of deposits and investments as of June 30, 2025 is as follows:

Deposits	\$ 3,224,586
Investments	<u>44,891,016</u>
 Total	 <u>\$ 48,115,602</u>

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

Cash and investments	\$ 21,149,276
Restricted cash and investments	<u>26,966,326</u>
 Total	 <u>\$ 48,115,602</u>

Cash deposits with financial institutions

Custodial Credit Risk—deposits: Custodial credit risk is the risk that, in the event of a bank failure, the District’s deposits might not be recovered. The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits.

The carrying amount of the District’s deposits at June 30, 2025 was \$3,224,586 and the bank balances were \$9,350,025. Of the bank balances, \$250,000 were covered by federal deposit insurance, and the remaining balance was uninsured but collateralized in accordance with the provisions of the PDPA.

Investments

The District is authorized by Colorado statutes to invest in the following:

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

**SCHOOL DISTRICT FREMONT RE-1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)

At June 30, 2025 the District’s investment balances were as follows:

<u>Investment Type</u>	<u>Year-end Balance</u>	<u>Measurement</u>	<u>Maturity</u>	<u>Standard & Poor's Rating</u>
ColoTrust	\$ 21,952,786	Net asset value	Less than 90 days	AAAm
CSAFE	22,931,308	Net asset value	Less than 90 days	AAAm
Money Market	<u>6,922</u>	Amortized Cost	Less than 90 days	AAA
	<u>\$ 44,891,016</u>			

Local Government Investment Pools. The Colorado Local Government Liquid Asset Trust (ColoTrust) and Colorado Surplus Asset Fund Trust (CSAFE) are investment vehicles established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces the requirements of creating and operating the pools, which operate in conformity with the Securities and Exchange Commission's Rule 2a-7 as promulgated under the Investment Company Act of 1940, as amended, which includes the maintenance of each share equal in value to \$1.00. Investments are limited to those allowed by state statutes. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. The custodians’ internal records identify the investments owned by the participating governments. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

Interest Rate Risk – Interest rate risk is the risk that changes in the market interest rates will adversely affect the fair value of an investment. As a means of managing its exposure to interest rate risk, the District has a board approved investment policy that limits investment maturities to five years or less. Colorado revised statute 24-75-601 also limits investment maturities to five years or less.

Credit Risk – Credit risk is the risk that an issuer of an investment will not fulfill its obligations to the holder of the investment. Credit risk is measured by the assignment of a rating by a nationally recognized statistical rating organization. State law and District policy limit investments to those described above.

Concentration of Credit Risk – Concentration of credit risk is the risk of loss that may be caused by the District’s investment in a single issuer. The District places no limit on the amount it may invest in any one issuer. More than 20 percent of the District’s investments are in ColoTrust and CSAFE. These investments are 48.90% and 51.08%, respectively, of the District’s total investments.

In accordance with state law, the District has designated ColoTrust as the third party custodian for the bond redemption fund. Funds held at June 30, 2025 total \$4,028,096 and are included with the ColoTrust investments above.

**SCHOOL DISTRICT FREMONT RE-1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)

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

- Level 1 inputs reflect prices quoted in active markets.
- Level 2 inputs reflect prices that are based on a similar observable asset either directly or indirectly, which may include inputs in markets that are not considered to be active.
- Level 3 inputs reflect prices based upon unobservable sources.

District investments measured at net asset value or amortized cost fall under the existing exemptions to fair value measurement.

Facilities Corporations Deposits and Investments

The deposits and investments of the Facilities Corporations at June 30, 2025 consist of the following:

Deposits	\$ 117,120
Investments	<u>1,070,513</u>
Total	<u><u>\$ 1,187,633</u></u>

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

Cash and investments	<u><u>\$ 1,187,633</u></u>
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The carrying amount of the Facilities Corporations' deposits at June 30, 2025 was \$117,120 and the bank balances were \$91,691. All of the bank balances were covered by federal deposit insurance.

**SCHOOL DISTRICT FREMONT RE-1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 4 –RECEIVABLES

Receivables as of June 30, 2025 for the government’s individual major funds and non-major governmental funds in the aggregate are as follows:

	General <u>Fund</u>	Designated Purpose <u>Grants Fund</u>	Building <u>Fund</u>	Nonmajor <u>Funds</u>	<u>Total</u>
Grants	\$ -	\$ 662,539	\$ 1,218,795	\$ 192,537	\$ 2,073,871
Property Tax	570,329	-	-	276,864	847,193
Other	<u>6,632</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,632</u>
Total	<u>\$ 576,961</u>	<u>\$ 662,539</u>	<u>\$ 1,218,795</u>	<u>\$ 469,401</u>	<u>\$ 2,927,696</u>

NOTE 5 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Receivables and Payables

Interfund receivables and payables are created in conjunction with the District’s pooled cash and investment portfolios. Balances are routinely cleared as a matter of practice.

The composition of interfund balances as of June 30, 2025, is as follows:

	Due From <u>Other Funds</u>	Due To <u>Other Funds</u>
General Fund	\$ 1,135,539	\$ 2,105,582
Governmental Designated Purpose Grants Fund	1,575,819	-
Building Fund	3,547,451	872,124
Capital Projects Fund	-	2,429,981
Nonmajor Funds	<u>859,777</u>	<u>1,710,899</u>
Total	<u>\$ 7,118,586</u>	<u>\$ 7,118,586</u>

**SCHOOL DISTRICT FREMONT RE-1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 5 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS (CONTINUED)

Interfund transfers

The composition of interfund transfers for the year ended June 30, 2025, is as follows:

	<u>Transfers From Other Funds</u>	<u>Transfers To Other Funds</u>
General Fund	\$ -	\$ 1,520,486
Governmental Designated Purpose Grants Fund	85,000	-
Capital Projects Fund	524,889	-
Nonmajor Funds	<u>910,597</u>	<u>-</u>
 Total	 <u>\$ 1,520,486</u>	 <u>\$ 1,520,486</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations and (3) move capital assets from one fund to another fund when the fund using the capital assets changes.

NOTE 6 - INVENTORIES

Inventories for non-food service fund governmental fund types consist of instructional supplies, audio visual supplies and non-issued instructional equipment. Inventories are accounted for using the consumption method and are valued at lower of cost or market and amounted to \$45,492 at June 30, 2025.

Inventories for the Food Service Fund consist of purchases and donated commodities and non-food supplies. Purchased inventories are stated at cost. Donated inventories, received at no cost under programs supported by the U.S. government, are recorded at their estimated fair market value at date of receipt and amounted to \$11,306 at June 30, 2025.

SCHOOL DISTRICT FREMONT RE-1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 7 - CAPITAL ASSETS

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

<i>Governmental activities</i>	Beginning <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	Ending <u>Balance</u>
Capital assets not being depreciated:				
Land	\$ 2,220,137	\$ -	\$ -	\$ 2,220,137
Construction in progress	5,550,791	27,957,361	(3,879,013)	29,629,139
Total capital assets not being depreciated	<u>7,770,928</u>	<u>27,957,361</u>	<u>(3,879,013)</u>	<u>31,849,276</u>
Capital assets being depreciated:				
Buildings and improvements	116,632,098	4,217,783	-	120,849,881
Equipment	8,120,118	42,224	-	8,162,342
Vehicles	2,084,802	258,036	-	2,342,838
Total capital assets being depreciated	<u>126,837,018</u>	<u>4,518,043</u>	<u>-</u>	<u>131,355,061</u>
Less accumulated depreciation for:				
Buildings and improvements	(31,331,695)	(2,711,381)	-	(34,043,076)
Equipment	(4,003,146)	(542,424)	-	(4,545,570)
Vehicles	(1,818,741)	(58,950)	-	(1,877,691)
Total accumulated depreciation	<u>(37,153,582)</u>	<u>(3,312,755)</u>	<u>-</u>	<u>(40,466,337)</u>
Total capital assets being depreciated, net	<u>89,683,436</u>	<u>1,205,288</u>	<u>-</u>	<u>90,888,724</u>
Lease assets being amortized:				
Buildings and Improvements	4,410,189	-	-	4,410,189
Equipment	597,178	-	-	597,178
Vehicles	1,042,365	-	-	1,042,365
Total lease assets being amortized	<u>6,049,732</u>	<u>-</u>	<u>-</u>	<u>6,049,732</u>
Less accumulated amortization for:				
Buildings and Improvements	(4,410,189)	-	-	(4,410,189)
Equipment	(398,967)	(66,071)	-	(465,038)
Vehicles	(610,501)	(138,389)	-	(748,890)
Total accumulated amortization	<u>(5,419,657)</u>	<u>(204,460)</u>	<u>-</u>	<u>(5,624,117)</u>
Total lease assets being amortized, net	<u>630,075</u>	<u>(204,460)</u>	<u>-</u>	<u>425,615</u>
Capital assets, net of accumulated depreciation/amortization	<u>90,313,511</u>	<u>1,000,828</u>	<u>-</u>	<u>91,314,339</u>
Total governmental activities capital assets	<u>\$ 98,084,439</u>	<u>\$ 28,958,189</u>	<u>\$ (3,879,013)</u>	<u>\$ 123,163,615</u>

**SCHOOL DISTRICT FREMONT RE-1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 7 - CAPITAL ASSETS (CONTINUED)

Depreciation/amortization expense was charged to the functions/programs of the governmental activities of the primary government as follows:

Governmental Activities

Instruction	\$ 506,136
Supporting services	2,953,761
Food Services	<u>57,318</u>
Total depreciation/amortization expense	<u>\$ 3,517,215</u>

Facilities Corporations Capital Assets

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

	Balance, As Restated <u>6/30/2024</u>	<u>Additions</u>	Sales and <u>Retirements</u>	Balance <u>6/30/2025</u>
Capital assets not being depreciated:				
Land	\$ -	\$ 33,000	\$ -	\$ 33,000
Capital assets being depreciated:				
Buildings and improvements	462,506	-	-	462,506
Less accumulated depreciation	<u>(434,808)</u>	<u>(26,704)</u>	<u>-</u>	<u>(461,512)</u>
Capital assets being depreciated, net	<u>27,698</u>	<u>(26,704)</u>	<u>-</u>	<u>994</u>
Total facilities corporations capital assets	<u>\$ 27,698</u>	<u>\$ 6,296</u>	<u>\$ -</u>	<u>\$ 33,994</u>

**SCHOOL DISTRICT FREMONT RE-1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 8 – LEASES

District as lessee

The District, as a lessee, has entered into lease agreements involving buildings, equipment, and vehicles with lease terms ranging from 3 to 6 years. The total costs of these right-to-use lease assets are recorded as \$6,049,732, less accumulated amortization of \$5,624,117. The District has determined that as of June 30, 2025, there is no loss associated with an impairment of the right-to-use lease asset.

The future lease payments under lease agreements as of June 30, 2025 are as follows:

Fiscal Year <u>Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 376,797	\$ 326,865	\$ 703,662
2027	346,505	312,137	658,642
2028	356,506	298,040	654,546
2029	371,076	283,471	654,547
2030	386,251	268,295	654,546
2031 - 2035	2,181,951	1,090,782	3,272,733
2036 - 2040	2,668,326	604,406	3,272,732
2041 - 2043	<u>1,571,326</u>	<u>87,702</u>	<u>1,659,028</u>
Total	<u>\$ 8,258,738</u>	<u>\$ 3,271,698</u>	<u>\$ 11,530,436</u>

NOTE 9 – LONG-TERM LIABILITIES

General Obligation Bonds

The District issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for governmental activities. General obligation bonds are direct obligations and pledge the full faith and credit of the District.

General Obligation bonds outstanding at June 30, 2025 are as follows:

	<u>Original Borrowing</u>	<u>Interest Rates</u>	<u>Final Maturity</u>	<u>Outstanding at Year-end</u>
<i>Governmental Activities</i>				
G.O. Refunding bonds 2017	\$ 4,000,000	3.22%	2038	\$ 2,875,000
G.O. Refunding bonds 2018N	6,199,032	3.89%	2039	4,804,066
G.O. Refunding bonds 2018A	8,000,000	5.00% - 6.00%	2039	6,405,000
G.O. Refunding bonds 2024A	34,500,000	5.00%	2049	<u>34,500,000</u>
Total				<u>\$ 48,584,066</u>

**SCHOOL DISTRICT FREMONT RE-1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 9 – LONG-TERM LIABILITIES (CONTINUED)

Annual debt service requirements to maturity for general obligation bonds are as follows:

Fiscal Year <u>Ending June 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2026	\$ 1,124,567	\$ 2,350,300
2027	1,174,866	2,299,092
2028	1,230,567	2,245,485
2029	1,281,684	2,189,417
2030	1,343,234	2,128,822
2031 - 2035	7,725,784	9,595,653
2036 - 2040	9,778,364	7,492,229
2041 - 2045	12,490,000	4,731,000
2046 - 2049	<u>12,435,000</u>	<u>1,281,375</u>
Total	<u>\$ 48,584,066</u>	<u>\$ 34,313,373</u>

Legal Debt Margin

Assessed valuation	<u>\$ 337,310,001</u>
Debt limit - 20% of assessed valuation	67,462,000
General obligation debt	<u>(48,584,066)</u>
	<u>\$ 18,877,934</u>

**SCHOOL DISTRICT FREMONT RE-1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 9 – LONG-TERM LIABILITIES (CONTINUED)

Changes in Long-Term Liabilities

Changes in the District’s long-term liabilities for the year ended June 30, 2025, are as follows:

	Beginning Balance, As <u>Restated</u>	<u>Additions</u>	<u>Deductions</u>	Ending <u>Balance</u>	Amount Due Within <u>One Year</u>
<i>Governmental Activities</i>					
General obligation bonds	\$ 50,438,719	\$ -	\$ (1,854,653)	\$ 48,584,066	\$ 1,124,567
Premiums	5,250,921	-	(291,569)	4,959,352	-
Total bonds payable	55,689,640	-	(2,146,222)	53,543,418	1,124,567
Leases	8,623,146	-	(364,408)	8,258,738	376,797
Compensated absences	6,211,684	113,181	-	6,324,865	-
Net pension liability	67,838,741	1,475,690	(7,739,968)	61,574,463	-
Net OPEB liability	1,638,033	97,880	(643,408)	1,092,505	-
<i>Total Governmental Activities</i>	<u>\$ 140,001,244</u>	<u>\$ 1,686,751</u>	<u>\$ (10,894,006)</u>	<u>\$ 130,793,989</u>	<u>\$ 1,501,364</u>

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

General obligation bonds are liquidated in the debt service fund. Leases are liquidated in the general and capital project funds. Approximately 90% of compensated absences, net pension liabilities, and net OPEB liabilities are normally liquidated in the general fund, with remaining amounts liquidated in other governmental funds.

NOTE 10 – DEFINED BENEFIT PENSION PLAN

General Information about the Pension Plan

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

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.

**SCHOOL DISTRICT FREMONT RE-1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 10 – DEFINED BENEFIT PENSION PLAN (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 the 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.

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.

**SCHOOL DISTRICT FREMONT RE-1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 10 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

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.

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

	July 1, 2024 Through June 30, 2025
Employer contribution rate	11.40%
Amount of employer contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f)	(1.02)%
Amount apportioned to the SCHDTF	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 the SCHDTF	20.38%

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

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the School District Fremont RE-1 is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from School District Fremont RE-1 were \$5,679,606 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 \$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.

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

The net pension liability for the SCHDTF was measured as of December 31, 2024, and the total pension liability (TPL) 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 TPL to December 31, 2024. The School District Fremont RE-1 proportion of the net pension liability was based on School District Fremont RE-1 contributions to the SCHDTF for the calendar year 2024 relative to the total contributions of participating employers and the State as a nonemployer contributing entity.

**SCHOOL DISTRICT FREMONT RE-1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 10 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

At June 30, 2025, the School District Fremont RE-1 reported a liability of \$61,574,463 for its proportionate share of the net pension liability that reflected an increase for support from the State as a nonemployer contributing entity. The amount recognized by the School District Fremont RE-1 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 School District Fremont RE-1 were as follows:

School District Fremont RE-1 proportionate share of the net pension liability	\$ 61,574,463
The State’s proportionate share of the net pension liability as a nonemployer contributing entity associated with the School District Fremont RE-1	5,530,364
Total	\$ 67,104,827

At December 31, 2024, the School District Fremont RE-1 proportion was 0.3568520619%, which was a decrease of 0.0267769736% from its proportion measured as of December 31, 2023.

For the year ended June 30, 2025, the School District Fremont RE-1 recognized pension expense of \$6,361,594 and revenue of \$583,221 for support from the State as a nonemployer contributing entity. At June 30, 2025, the School District Fremont RE-1 reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 3,486,869	\$ -
Changes of assumptions or other inputs	461,631	-
Net difference between projected and actual earnings on pension plan investments	1,161,739	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	5,307,724	3,711,589
Contributions subsequent to the measurement date	2,845,898	N/A
Total	<u>\$ 13,263,861</u>	<u>\$ 3,711,589</u>

**SCHOOL DISTRICT FREMONT RE-1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 10 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

\$2,845,898 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. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2026	\$ 5,312,905
2027	4,436,446
2028	(2,214,427)
2029	(828,550)
2030	-
Thereafter	-

Actuarial assumptions. The December 31, 2023, actuarial valuation used the following actuarial cost method and key actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.30%
Real wage growth	0.70%
Wage inflation	3.00%
Salary increases, including wage inflation	3.40% – 11.00%
Long-term investment rate of return, net of 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 12/31/06 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.

**SCHOOL DISTRICT FREMONT RE-1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 10 – DEFINED BENEFIT PENSION PLAN (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%.

**SCHOOL DISTRICT FREMONT RE-1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 10 – DEFINED BENEFIT PENSION PLAN (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.

**SCHOOL DISTRICT FREMONT RE-1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 10 – DEFINED BENEFIT PENSION PLAN (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%	

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

Discount rate. The discount rate used to measure the 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 SB 18-200 and required adjustments resulting from the 2018 and 2020 AAP assessments. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the scheduled increase in SB 18-200 and required adjustments resulting from the 2018 and 2020 AAP assessments. Employer contributions also include current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103%, at which point the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions reflect reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.

**SCHOOL DISTRICT FREMONT RE-1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 10 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

- As specified in law, the State, as a nonemployer contributing entity, will provide an annual direct distribution of \$225 million commencing July 1, 2018, that is proportioned between the 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 School District Fremont RE-1 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 the net pension liability	\$ 83,480,701	\$ 61,574,463	\$ 43,224,926

Pension plan fiduciary net position. Detailed information about the SCHDTF's FNP is available in PERA's ACFR which can be obtained at www.copera.org/forms-resources/financial-reports-and-studies.

Significant Changes in Plan Provisions Affecting Trends in Actuarial Information
2024 Changes in Plan Provision Since 2023

- There were no changes made to the plan provisions.

**SCHOOL DISTRICT FREMONT RE-1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 10 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

Significant Changes in Assumptions or Other Inputs Affecting Trends in Actuarial Information
2024 Changes in Assumptions or Other Inputs Since 2023

- 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%.

Subsequent Events

- SB 25-310, enacted June 2, 2025, and effective immediately, allows PERA to accept a series of warrants from the State Treasurer totaling \$500 million (actual dollars) on or after July 1, 2025, and before October 1, 2025. These dollars are to be proportioned over time to replace reductions to future direct distributions intended to fund the Peace Officer Training and Support Fund and, at that time, will be allocated to the appropriate Division Trust Fund(s) within PERA. SB 25-310 also allows for an alternative actuarial method to allocate the direct distribution if the allocation, based on the reported payroll of each participating division, results in an AAP assessment ratio below the 98% benchmark.

NOTE 11 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN

General Information about the OPEB Plan

Plan description. Eligible employees of the School District Fremont RE-1 are provided with OPEB through the HCTF—a cost-sharing multiple-employer defined benefit OPEB plan administered by PERA. The HCTF is established under Title 24, Article 51, Part 12 of the Colorado Revised Statutes (C.R.S.), as amended, and sets forth a framework that grants authority to the PERA Board to contract, self-insure, and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of the premium subsidies. Colorado State law provisions may be amended by the Colorado General Assembly. PERA issues a publicly available annual comprehensive financial report (ACFR) that can be obtained at www.copera.org/forms-resources/financial-reports-and-studies.

**SCHOOL DISTRICT FREMONT RE-1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

**NOTE 11 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN
(CONTINUED)**

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

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

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

PERA Benefit Structure

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

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

**SCHOOL DISTRICT FREMONT RE-1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

**NOTE 11 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN
(CONTINUED)**

DPS Benefit Structure

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

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 School District Fremont RE-1 is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from School District Fremont RE-1 were \$284,259 for the year ended June 30, 2025.

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

At June 30, 2025, the School District Fremont RE-1 reported a liability of \$1,092,505 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2024, and the total OPEB liability (TOL) 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 TOL to December 31, 2024. The School District Fremont RE-1 proportion of the net OPEB liability was based on School District Fremont RE-1 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 School District Fremont RE-1 proportion was 0.2284777794%, which was a decrease of 0.0010267225% from its proportion measured as of December 31, 2023.

**SCHOOL DISTRICT FREMONT RE-1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

**NOTE 11 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN
(CONTINUED)**

For the year ended June 30, 2025, the School District Fremont RE-1 recognized OPEB expense of \$(120,018). At June 30, 2025, the School District Fremont RE-1 reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$ 240,985
Changes of assumptions or other inputs	12,527	349,219
Net difference between projected and actual earnings on OPEB plan investments	3,704	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	31,745	11,153
Contributions subsequent to the measurement date	142,437	N/A
Total	\$ 190,413	\$ 601,357

\$142,437 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the 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:	
2026	\$ (162,527)
2027	(93,038)
2028	(130,712)
2029	(78,985)
2030	(56,073)
Thereafter	(32,046)

**SCHOOL DISTRICT FREMONT RE-1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

**NOTE 11 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN
(CONTINUED)**

Actuarial assumptions. The December 31, 2023 actuarial valuation used the following actuarial cost method and key actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.30%
Real wage growth	0.70%
Wage inflation	3.00%
Salary increases, including wage inflation	3.40% - 11.00%
Long-term investment rate of return, net of 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

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. As of the December 31, 2023, actuarial valuation, costs are based on 2024 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 were 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.

**SCHOOL DISTRICT FREMONT RE-1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

**NOTE 11 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN
(CONTINUED)**

Age-Related Morbidity Assumptions

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

Sample Age	MAPD PPO #1 with Medicare Part A		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

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 as follows.

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.

**SCHOOL DISTRICT FREMONT RE-1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

**NOTE 11 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN
(CONTINUED)**

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models, and industry methods developed by health plan actuaries and administrators. In addition, projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services are referenced in the development of these rates. 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. enrollees not eligible for premium-free Medicare Part A.

The PERA benefit structure health care cost trend rates used to measure the TOL are summarized in the following table:

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.

**SCHOOL DISTRICT FREMONT RE-1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

**NOTE 11 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN
(CONTINUED)**

Pre-Retirement	Mortality Table	Adjustments, as Applicable
School Division	PubT-2010 Employee	N/A
Post-Retirement (Retiree), Non-Disabled	Mortality Table	Adjustments, as Applicable
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
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

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.
- 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.

**SCHOOL DISTRICT FREMONT RE-1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

**NOTE 11 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN
(CONTINUED)**

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.

Salary increases, including wage inflation 4.00%-13.40%

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

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.

**SCHOOL DISTRICT FREMONT RE-1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

**NOTE 11 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN
(CONTINUED)**

Pre-Retirement	Mortality Table	Adjustments, as Applicable
School Division	PubT-2010 Employee	N/A
Post-Retirement (Retiree), Non-Disabled	Mortality Table	Adjustments, as Applicable
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
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

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.

**SCHOOL DISTRICT FREMONT RE-1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

**NOTE 11 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN
(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%	

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

Sensitivity of the School District Fremont RE-1 proportionate share of the net OPEB liability to changes in the Health Care Cost Trend Rates. The following table presents the net OPEB liability using the current health care cost trend rates applicable to the PERA benefit structure, as well as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rates:

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Initial PERACare Medicare trend rate ¹	5.75%	6.75%	7.75%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial MAPD PPO#2 trend rate ¹	7.55%	8.55%	9.55%
Ultimate MAPD PPO#2 trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate ¹	2.75%	3.75%	4.75%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability	\$ 1,063,071	\$ 1,092,505	\$ 1,125,817

¹For the January 1, 2025, plan year.

SCHOOL DISTRICT FREMONT RE-1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

**NOTE 11 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN
(CONTINUED)**

Discount rate. The discount rate used to measure the TOL 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.

Based on the above assumptions and methods, the FNP for the HCTF was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25% on OPEB plan investments was applied to all periods of projected benefit payments to determine the TOL. The discount rate determination did 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.

**SCHOOL DISTRICT FREMONT RE-1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

**NOTE 11 – DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN
(CONTINUED)**

Sensitivity of the School District Fremont RE-1 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 the net OPEB liability	\$ 1,338,882	\$ 1,092,505	\$ 880,099

OPEB plan fiduciary net position. Detailed information about the HCTF’s FNP is available in PERA’s ACFR which can be obtained at www.copera.org/forms-resources/financial-reports-and-studies.

**Significant Changes in Plan Provisions Affecting Trends in Actuarial Information
2024 Changes in Plan Provision Since 2023**

- As of the December 31, 2024, measurement date, the FNP and related disclosure components for HCTF reflect additional payments related to the disaffiliation of Tri-County Health Department 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.

**Significant Changes in Assumptions or Other Inputs Affecting Trends in Actuarial Information
2024 Changes in Assumptions or Other Inputs Since 2023**

- 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.

SCHOOL DISTRICT FREMONT RE-1
NOTES TO FINANCIAL STATEMENTS
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NOTE 12 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; workers' compensation; general liability; unemployment; and employee benefit expenses related to health programs. The District provides for these risks through the purchase of commercial insurance in the General Fund. Settled claims resulting from these risks have not exceeded the insurance coverage during any of the last three fiscal years.

NOTE 13 – COMMITMENTS AND CONTINGENCIES

Grants

The District has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to a request for reimbursement to grantor agencies for expenditures disallowed under terms of the grant. However, in the opinion of the District, any such adjustments will not have a material adverse effect on the financial position of the District.

Legal

The District is involved in pending or threatened lawsuits and claims. The District estimates that potential claims not covered by insurance or accrued for, resulting from such litigation, would not materially affect the financial statements of the District.

NOTE 14 - TAX, SPENDING, AND DEBT LIMITATIONS

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations including revenue raising, spending abilities and other specific requirements of state and local governments, including school districts.

The amendment requires emergency reserves be established. These reserves must be at least 3% of fiscal year spending. The District is not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls or salary and benefit increases. At June 30, 2025 there is a \$1,645,000 reservation of fund balance in the General Fund for the amendment.

Fiscal year spending and revenue limits are determined based on the prior years' spending adjusted for inflation and local growth. Revenue in excess of the limit must be refunded unless the voters approve retention of such revenue.

The amendment requires, with certain exceptions, voter approval prior to imposing new taxes, increasing tax rate, increasing a mill levy above that for the prior year, extending an expiring tax, or implementing a tax policy change directly causing a net tax revenue gain to any local government.

On November 2, 1999 voters within the District authorized the District to retain and expend all revenues and all other funds collected during the fiscal year ended June 30, 1999 and each subsequent year from any source, notwithstanding the limitations of Article X, Section 20 of the Colorado Constitution, provided, however, that no property tax mill levy shall be increased at any time nor shall any new tax be imposed without the prior approval of the voters of the District.

**SCHOOL DISTRICT FREMONT RE-1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 14 - TAX, SPENDING, AND DEBT LIMITATIONS (CONTINUED)

On November 7, 2017, voters within the District authorized the District to increase taxes \$1,385,000 annually, limited to a 10 year period starting in collection year 2018 and ending after collection year 2027 and to increase debt \$18.2 million, with a repayment cost of up to \$30.9 million, and increase taxes by up to \$1.55 million annually.

The amendment is complex and subject to judicial interpretation. The District believes it is in compliance with the requirements of the amendment. However, the District has made certain interpretations of the amendment's language in order to determine its compliance.

NOTE 15 – COLORADO SCHOOL DISTRICT/BOCES, ELECTRONIC DATA INTEGRITY CHECK FIGURES

The School Finance Act requires inclusion of the Colorado School District/BOCES, Electronic Financial Data Integrity Check Figures as a supplement schedule to the audited financial statements. The Report is based on a prescribed basis of accounting that demonstrates compliance with the financial policies and procedures of the Colorado Department of Education.

NOTE 16 – RESTATEMENT OF BEGINNING BALANCES

Adoption of New Accounting Standard

School District Fremont RE-1 implemented GASB Statement No. 101, *Compensated Absences*, effective July 1, 2024. This Statement establishes specific criteria for identifying activities that should be reported as compensated absences. As a result, net position of governmental activities at June 30, 2024, were restated to reflect the cumulative effect of adopting this standard.

	Reporting Units Affected by Adjustments to and Restatements of Beginning Balances	
	Government-Wide	
	Governmental Activities	
June 30, 2024, as previously reported	\$	35,142,120
<i>Adoption of new accounting standard</i>		
GASB 101 implementation		(4,347,572)
June 30, 2024, as restated	\$	30,794,548

**SCHOOL DISTRICT FREMONT RE-1
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 16 – RESTATEMENT OF BEGINNING BALANCES (CONTINUED)

Change in Accounting Period

The Facility Corporation and CCEOE Component Units elected to change their year-end accounting period from the calendar year December 31 to June 30 to match the reporting period of School District Fremont RE-1. Net position as of June 30, 2024 has been restated for the change in accounting period.

	Reporting Units Affected by Adjustments to and Restatements of Beginning Balances	
	Component Units	
	Facility Corporation	CCEOE
June 30, 2024, as previously reported	\$ 968,576	\$ 73,426
<i>Change from calendar year to June 30 year end Adjustments</i>	58,139	247,212
June 30, 2024, as restated	\$ 1,026,715	\$ 320,638

REQUIRED SUPPLEMENTARY INFORMATION

SCHOOL DISTRICT FREMONT RE-1
SCHEDULE OF THE EMPLOYER'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
JUNE 30, 2025

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of the net pension liability (asset)	0.3568520619%	0.3836290355%	0.2965991181%	0.3454967096%	0.3883081270%	0.3437280609%	0.3500466125%	0.3943864836%	0.3988370590%	0.3990759031%
District's proportionate share of the net pension liability (asset)	\$ 61,574,463	\$ 67,838,741	\$ 54,009,113	\$ 40,206,717	\$ 58,704,357	\$ 51,352,226	\$ 61,982,943	\$ 127,530,572	\$ 118,749,215	\$ 61,035,842
State's proportionate share of the net pension liability (asset) associated with the District	5,530,364	1,487,502	15,738,798	4,609,187	-	6,513,377	8,475,307	-	-	-
Total	<u>\$ 67,104,827</u>	<u>\$ 69,326,243</u>	<u>\$ 69,747,911</u>	<u>\$ 44,815,904</u>	<u>\$ 58,704,357</u>	<u>\$ 57,865,603</u>	<u>\$ 70,458,250</u>	<u>\$ 127,530,572</u>	<u>\$ 118,749,215</u>	<u>\$ 61,035,842</u>
District's covered payroll	\$ 27,575,612	\$ 25,361,343	\$ 22,879,197	\$ 21,592,455	\$ 20,767,262	\$ 20,199,629	\$ 19,243,942	\$ 18,192,582	\$ 17,900,521	\$ 17,391,636
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	223.29%	267.49%	236.06%	186.21%	282.68%	254.22%	322.09%	701.00%	663.38%	350.95%
Plan fiduciary net position as a percentage of the total pension liability	67.2%	64.7%	61.8%	74.9%	67.0%	64.5%	57.0%	44.0%	43.1%	59.2%

* The amounts presented for each year were determined as of 12/31.

See the accompanying independent auditors' report.

**SCHOOL DISTRICT FREMONT RE-1
SCHEDULE OF THE EMPLOYER'S PAYROLL CONTRIBUTIONS - PENSION
JUNE 30, 2025**

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 5,679,606	\$ 5,508,471	\$ 4,843,635	\$ 4,416,712	\$ 4,128,031	\$ 4,004,132	\$ 3,786,110	\$ 3,496,575	\$ 3,333,610	\$ 3,113,705
Contributions in relation to the contractually required contribution	<u>(5,679,606)</u>	<u>(5,508,471)</u>	<u>(4,843,635)</u>	<u>(4,416,712)</u>	<u>(4,128,031)</u>	<u>(4,004,132)</u>	<u>(3,786,110)</u>	<u>(3,496,575)</u>	<u>(3,333,610)</u>	<u>(3,113,705)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 27,868,526	\$ 27,028,807	\$ 23,766,609	\$ 22,216,860	\$ 20,764,746	\$ 20,661,154	\$ 19,791,478	\$ 18,519,996	\$ 18,137,162	\$ 17,561,786
Contributions as a percentage of covered payroll	20.38%	20.38%	20.38%	19.88%	19.88%	19.38%	19.13%	18.88%	18.38%	17.73%

* The amounts presented for each fiscal year were determined as of 6/30.

See the accompanying independent auditors' report.

**SCHOOL DISTRICT FREMONT RE-1
SCHEDULE OF THE EMPLOYER'S PROPORTIONATE SHARE
OF THE NET OPEB LIABILITY
JUNE 30, 2025**

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
District's proportion of the net OPEB liability (asset)	0.2284777794%	0.2295045019%	0.2253771082%	0.2255831442%	0.2245896271%	0.2246314543%	0.2275321964%	0.2240863723%	0.2267039213%
District's proportionate share of the net OPEB liability (asset)	\$ 1,092,505	\$ 1,638,033	\$ 1,840,157	\$ 1,945,215	\$ 2,134,107	\$ 2,524,853	\$ 3,095,671	\$ 2,912,226	\$ 2,939,293
District's covered payroll	\$ 27,575,612	\$ 25,361,343	\$ 22,879,197	\$ 21,592,455	\$ 20,767,262	\$ 20,197,923	\$ 19,243,942	\$ 18,192,582	\$ 17,900,521
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	3.96%	6.46%	8.04%	9.01%	10.28%	12.50%	16.09%	16.01%	16.42%
Plan fiduciary net position as a percentage of the total OPEB liability	59.8%	46.2%	38.6%	39.4%	32.8%	24.5%	17.0%	17.5%	16.7%

* The amounts presented for each year were determined as of 12/31.

* Complete 10-year information to be presented in future years as it becomes available.

See the accompanying independent auditors' report.

SCHOOL DISTRICT FREMONT RE-1
SCHEDULE OF THE EMPLOYER'S PAYROLL CONTRIBUTIONS - OPEB
JUNE 30, 2025

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 284,259	\$ 275,668	\$ 242,424	\$ 226,614	\$ 211,744	\$ 210,747	\$ 201,873	\$ 189,384	\$ 184,991
Contributions in relation to the contractually required contribution	<u>(284,259)</u>	<u>(275,668)</u>	<u>(242,424)</u>	<u>(226,614)</u>	<u>(211,744)</u>	<u>(210,747)</u>	<u>(201,873)</u>	<u>(189,384)</u>	<u>(184,991)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Districts covered payroll	\$ 27,868,526	\$ 27,028,807	\$ 23,766,609	\$ 22,216,860	\$ 20,764,746	\$ 20,661,154	\$ 19,791,478	\$ 18,519,996	\$ 18,137,162
Contributions as a percentage of covered payroll	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%

* The amounts presented for each fiscal year were determined as of 6/30.

* Complete 10-year information to be presented in future years as it becomes available.

See the accompanying independent auditors' report.

GENERAL FUND

The General Fund accounts for all transactions of the District not required to be accounted for in other funds. This fund represents an accounting for the District's ordinary operations financed primarily from property taxes and state aid. It is the most significant fund in relation to the District's overall operations.

The General Fund is deemed to be a major fund for financial reporting purposes.

**SCHOOL DISTRICT FREMONT RE-1
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2025**

	<u>Budgeted Amounts</u>			<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Local sources:				
Property taxes	\$ 11,618,628	\$ 10,618,308	\$ 10,870,015	\$ 251,707
Specific ownership taxes	1,714,274	1,566,682	1,603,820	37,138
Other local sources	2,039,699	1,864,089	1,908,277	44,188
Total local sources	<u>15,372,601</u>	<u>14,049,079</u>	<u>14,382,112</u>	<u>333,033</u>
State sources:				
State equalization	24,693,747	25,614,947	22,045,221	(3,569,726)
Other state funding	4,450,157	4,616,170	3,972,856	(643,314)
Total state sources	<u>29,143,904</u>	<u>30,231,117</u>	<u>26,018,077</u>	<u>(4,213,040)</u>
Federal sources	160,000	160,000	159,271	(729)
Total revenues	<u>44,676,505</u>	<u>44,440,196</u>	<u>40,559,460</u>	<u>(3,880,736)</u>
EXPENDITURES				
Instruction	23,934,673	23,132,635	22,597,165	535,470
Supporting services:				
Student services	1,882,306	1,796,743	1,729,436	67,307
Instructional staff	1,854,798	1,945,614	2,154,347	(208,733)
General administration	1,011,520	998,845	1,010,301	(11,456)
School administration	2,713,117	2,704,314	2,700,963	3,351
Business services	844,792	825,734	799,511	26,223
Operation and maintenance	4,967,355	5,253,345	5,307,693	(54,348)
Student transportation	1,031,149	908,917	995,481	(86,564)
Central services	2,990,849	2,766,191	2,450,254	315,937
Community services	758,435	360,066	398,974	(38,908)
Education for adults	-	-	69	(69)
Facilities acquisition and construction	50,000	50,000	-	50,000
Debt service	-	50,000	49,142	858
Contingency reserves	6,473,795	8,955,766	-	8,955,766
Total expenditures	<u>48,512,789</u>	<u>49,748,170</u>	<u>40,193,336</u>	<u>9,554,834</u>
Excess (deficiency) of revenues over expenditures	(3,836,284)	(5,307,974)	366,124	5,674,098
OTHER FINANCING SOURCES (USES)				
Transfers out	(4,146,325)	(4,524,910)	(1,520,486)	3,004,424
Net change in fund balance	(7,982,609)	(9,832,884)	(1,154,362)	8,678,522
Fund balance - beginning	7,982,609	9,832,884	9,832,883	(1)
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,678,521</u>	<u>\$ 8,678,521</u>

See the accompanying independent auditors' report.

GOVERNMENTAL DESIGNATED-PURPOSE GRANTS FUND

This fund is authorized by Colorado state law for the purpose of accounting for financial assistance from certain state and federal grants.

For financial reporting purposes, the Governmental Designated-Purpose Grants Fund was determined to be a major fund of the District for the current fiscal year.

SCHOOL DISTRICT FREMONT RE-1
GOVERNMENTAL DESIGNATED-PURPOSE GRANTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2025

	<u>Budgeted Amounts</u>			Variance with Final Budget
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Local sources	\$ 150,000	\$ 290,521	\$ 183,667	\$ (106,854)
State sources	1,776,000	2,801,979	2,062,422	(739,557)
Federal sources	<u>3,781,425</u>	<u>3,759,259</u>	<u>4,189,918</u>	<u>430,659</u>
Total revenues	<u>5,707,425</u>	<u>6,851,759</u>	<u>6,436,007</u>	<u>(415,752)</u>
EXPENDITURES				
Instruction	5,792,425	6,936,759	2,522,786	4,413,973
Supporting services:				
Student services	-	-	1,550,075	(1,550,075)
Instructional staff	-	-	1,707,031	(1,707,031)
General administration	-	-	58,716	(58,716)
School administration	-	-	34,378	(34,378)
Business services	-	-	244,553	(244,553)
Operation and maintenance	-	-	6,563	(6,563)
Central services	-	-	115,715	(115,715)
Other support services	-	-	9,708	(9,708)
Community services	-	-	269,482	(269,482)
Facilities acquisition and construction	<u>-</u>	<u>-</u>	<u>2,000</u>	<u>(2,000)</u>
Total expenditures	<u>5,792,425</u>	<u>6,936,759</u>	<u>6,521,007</u>	<u>415,752</u>
Excess (deficiency) of revenues over expenditures	(85,000)	(85,000)	(85,000)	-
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>85,000</u>	<u>85,000</u>	<u>85,000</u>	<u>-</u>
Net change in fund balance	-	-	-	-
Fund balance - beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See the accompanying independent auditors' report.

INDIVIDUAL FUND STATEMENTS AND SCHEDULES

BUILDING FUND

This fund is used to account for all resources available for acquiring capital sites, buildings, and equipment.

The Building Fund is deemed to be a major fund for financial reporting purposes.

**SCHOOL DISTRICT FREMONT RE-1
BUILDING FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2025**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES			
Local sources	\$ 1,500,000	\$ 1,773,596	\$ 273,596
State sources	11,211,150	9,582,300	(1,628,850)
Total revenues	<u>12,711,150</u>	<u>11,355,896</u>	<u>(1,355,254)</u>
EXPENDITURES			
Facilities acquisition and construction	39,281,939	27,880,786	11,401,153
Contingency reserves	11,494,138	-	11,494,138
Total expenditures	<u>50,776,077</u>	<u>27,880,786</u>	<u>22,895,291</u>
Net change in fund balance	(38,064,927)	(16,524,890)	21,540,037
Fund balance - beginning	<u>38,064,927</u>	<u>38,064,927</u>	-
Fund balance - ending	<u>\$ -</u>	<u>\$ 21,540,037</u>	<u>\$ 21,540,037</u>

See the accompanying independent auditors' report.

CAPITAL PROJECTS FUND

This fund is used to account for significant capital expenditures of the District.

The Capital Projects Fund is deemed to be a major fund for financial reporting purposes.

**SCHOOL DISTRICT FREMONT RE-1
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2025**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES			
Local sources	\$ 150,000	\$ 24,326	\$ (125,674)
EXPENDITURES			
Supporting services:			
Operation and maintenance	-	181,871	(181,871)
Student transportation	-	47,970	(47,970)
Central services	-	266,556	(266,556)
Other support services	-	29,600	(29,600)
Facilities acquisition and construction	1,200,736	337,273	863,463
Debt service	654,546	654,546	-
Contingency reserves	1,199,860	-	1,199,860
Total expenditures	<u>3,055,142</u>	<u>1,517,816</u>	<u>1,537,326</u>
Excess (deficiency) of revenues over expenditures	(2,905,142)	(1,493,490)	1,411,652
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>750,000</u>	<u>524,889</u>	<u>(225,111)</u>
Net change in fund balance	(2,155,142)	(968,601)	1,186,541
Fund balance - beginning	<u>2,155,142</u>	<u>2,155,142</u>	<u>-</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ 1,186,541</u>	<u>\$ 1,186,541</u>

See the accompanying independent auditors' report.

NON-MAJOR GOVERNMENTAL FUNDS

In addition to the funds identified as major governmental funds for financial reporting, the District reports the following non-major funds:

Special Revenue Funds

Food Service Fund

This fund accounts for all financial activities associated with the District's school lunch program.

Pupil Activity Fund

This fund is used to account for the revenues and expenditures related to school sponsored student intra-scholastic and interscholastic athletic and other related activities.

Activities – Special Revenue Fund

This fund is used to record financial transactions related to school-sponsored pupil intra-scholastic and interscholastic athletic and related events. These activities are supported by revenues from pupils, gate receipts and other fund-raising activities.

Debt Service Fund

Bond Redemption Fund

This fund is used to account for the accumulation of resources for and the payment of principal, interest, and related expenses on long-term general obligation debt or long-term voter-approved lease-purchase debt.

**SCHOOL DISTRICT FREMONT RE-1
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2025**

	Food Service Fund	Pupil Activity Fund	Activities- Special Revenue Fund	Bond Redemption Fund	Total Nonmajor Governmental Funds
ASSETS					
Cash and investments	\$ 392,964	\$ -	\$ 2,312,762	\$ -	\$ 2,705,726
Restricted cash and investments	-	-	-	4,028,096	4,028,096
Cash with county treasurer	-	-	-	55,735	55,735
Receivables	192,537	-	-	276,864	469,401
Due from other funds	859,777	-	-	-	859,777
Inventories and prepaid items	11,306	-	-	-	11,306
Total assets	\$ 1,456,584	\$ -	\$ 2,312,762	\$ 4,360,695	\$ 8,130,041
LIABILITIES					
Accounts payable and other current liabilities	\$ 30,007	\$ -	\$ -	\$ -	\$ 30,007
Accrued salaries and benefits	142,806	45,495	-	-	188,301
Due to other funds	-	84,980	1,610,158	15,761	1,710,899
Total liabilities	172,813	130,475	1,610,158	15,761	1,929,207
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue-property taxes	-	-	-	187,149	187,149
FUND BALANCES					
Nonspendable for:					
Inventories and prepaid items	11,306	-	-	-	11,306
Restricted for:					
Debt service	-	-	-	4,157,785	4,157,785
Committed for:					
Food service operations	1,272,465	-	-	-	1,272,465
Pupil activities	-	(130,475)	702,604	-	572,129
Total fund balances	1,283,771	(130,475)	702,604	4,157,785	6,013,685
Total liabilities and fund balances	\$ 1,456,584	\$ -	\$ 2,312,762	\$ 4,360,695	\$ 8,130,041

See the accompanying independent auditors' report.

**SCHOOL DISTRICT FREMONT RE-1
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2025**

	<u>Food Service Fund</u>	<u>Pupil Activity Fund</u>	<u>Activities- Special Revenue Fund</u>	<u>Bond Redemption Fund</u>	<u>Total Nonmajor Governmental Funds</u>
REVENUES					
Local sources	\$ 107,730	\$ 140,045	\$ 780,344	\$ 4,060,527	\$ 5,088,646
State sources	352,685	-	-	-	352,685
Federal sources	1,854,899	-	-	-	1,854,899
	<u>2,315,314</u>	<u>140,045</u>	<u>780,344</u>	<u>4,060,527</u>	<u>7,296,230</u>
EXPENDITURES					
Instruction	-	654,793	642,787	-	1,297,580
Supporting services	48,193	526,598	51,856	-	626,647
Food service operations	2,365,782	-	-	-	2,365,782
Debt service	-	-	-	4,262,549	4,262,549
	<u>2,413,975</u>	<u>1,181,391</u>	<u>694,643</u>	<u>4,262,549</u>	<u>8,552,558</u>
Excess (deficiency) of revenues over expenditures	(98,661)	(1,041,346)	85,701	(202,022)	(1,256,328)
OTHER FINANCING SOURCES (USES)					
Transfers in	597	910,000	-	-	910,597
Net change in fund balances	(98,064)	(131,346)	85,701	(202,022)	(345,731)
Fund balances - beginning	<u>1,381,835</u>	<u>871</u>	<u>616,903</u>	<u>4,359,807</u>	<u>6,359,416</u>
Fund balances - ending	<u>\$ 1,283,771</u>	<u>\$ (130,475)</u>	<u>\$ 702,604</u>	<u>\$ 4,157,785</u>	<u>\$ 6,013,685</u>

See the accompanying independent auditors' report.

**SCHOOL DISTRICT FREMONT RE-1
FOOD SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2025**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES			
Local sources	\$ 100,000	\$ 107,730	\$ 7,730
State sources	548,500	352,685	(195,815)
Federal sources	1,496,700	1,854,899	358,199
Total revenues	<u>2,145,200</u>	<u>2,315,314</u>	<u>170,114</u>
EXPENDITURES			
Supporting services	-	48,193	(48,193)
Food service operations	2,589,825	2,365,782	224,043
Contingency reserves	937,210	-	937,210
Total expenditures	<u>3,527,035</u>	<u>2,413,975</u>	<u>1,064,867</u>
Excess (deficiency) of revenues over expenditures	<u>(1,381,835)</u>	<u>(98,661)</u>	<u>1,234,981</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	597	597
Net change in fund balance	(1,381,835)	(98,064)	1,235,578
Fund balance - beginning	1,381,835	1,381,835	-
Fund balance - ending	<u>\$ -</u>	<u>\$ 1,283,771</u>	<u>\$ 1,235,578</u>

See the accompanying independent auditors' report.

**SCHOOL DISTRICT FREMONT RE-1
PUPIL ACTIVITY FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2025**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES			
Local sources	\$ 150,000	\$ 140,045	\$ (9,955)
EXPENDITURES			
Instruction	1,088,783	654,793	433,990
Supporting services:			
Instructional staff	-	526,598	(526,598)
Total expenditures	1,088,783	1,181,391	(92,608)
Excess (deficiency) of revenues over expenditures	(938,783)	(1,041,346)	(102,563)
OTHER FINANCING SOURCES (USES)			
Transfers in	937,912	910,000	(27,912)
Net change in fund balance	(871)	(131,346)	(130,475)
Fund balance - beginning	871	871	-
Fund balance - ending	<u>\$ -</u>	<u>\$ (130,475)</u>	<u>\$ (130,475)</u>

See the accompanying independent auditors' report.

**SCHOOL DISTRICT FREMONT RE-1
ACTIVITIES - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2025**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES			
Local sources	\$ 600,000	\$ 780,344	\$ 180,344
EXPENDITURES			
Instruction	600,000	642,787	(42,787)
Supporting services:			
Instructional staff	-	51,856	(51,856)
Contingency reserves	616,904	-	616,904
Total expenditures	1,216,904	694,643	522,261
Net change in fund balance	(616,904)	85,701	702,605
Fund balance - beginning	616,904	616,903	(1)
Fund balance - ending	<u>\$ -</u>	<u>\$ 702,604</u>	<u>\$ 702,604</u>

See the accompanying independent auditors' report.

**SCHOOL DISTRICT FREMONT RE-1
BOND REDEMPTION FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2025**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES			
Local sources:			
Property taxes	\$ 3,949,719	\$ 3,912,914	\$ (36,805)
Other local sources	-	147,613	147,613
Total local sources	<u>3,949,719</u>	<u>4,060,527</u>	<u>110,808</u>
EXPENDITURES			
Debt service	4,262,150	4,262,549	(399)
Contingency reserves	<u>4,047,376</u>	-	<u>4,047,376</u>
Total expenditures	<u>8,309,526</u>	<u>4,262,549</u>	<u>4,046,977</u>
Net change in fund balance	(4,359,807)	(202,022)	4,157,785
Fund balance - beginning	<u>4,359,807</u>	<u>4,359,807</u>	<u>-</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ 4,157,785</u>	<u>\$ 4,157,785</u>

See the accompanying independent auditors' report.

FIDUCIARY FUNDS

Fiduciary Funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private and student groups. The District has the following fiduciary fund:

Private-Purpose Trust Fund

This fund is used to record financial transactions where both the principal and revenues earned on that principal may be expended for purposes designated by the trust agreement.

**SCHOOL DISTRICT FREMONT RE-1
SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION
BUDGET AND ACTUAL
PRIVATE-PURPOSE TRUST FUND
FOR THE YEAR ENDED JUNE 30, 2025**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
ADDITIONS			
Investment income	\$ 25,000	\$ 24,939	\$ (61)
Donations	-	6,500	6,500
	<u>25,000</u>	<u>31,439</u>	<u>6,439</u>
DEDUCTIONS			
Scholarship awards	<u>25,000</u>	<u>11,224</u>	<u>13,776</u>
Total deductions	<u>25,000</u>	<u>11,224</u>	<u>13,776</u>
Change in net position	-	20,215	20,215
Net position - beginning	<u>500,992</u>	<u>500,991</u>	<u>(1)</u>
Net position - ending	<u><u>\$ 500,992</u></u>	<u><u>\$ 521,206</u></u>	<u><u>\$ 20,214</u></u>

See the accompanying independent auditors' report.

COMPLIANCE SECTION

SINGLE AUDIT

SCHOOL DISTRICT FREMONT RE-1
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2025

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Assistance Listing Number	Additional Award Identification	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. Department of Agriculture					
<i>Child Nutrition Cluster</i>					
Passed Through Colorado Department of Education					
School Breakfast Program (SBP)	10.553		4553	\$ -	\$ 476,092
National School Lunch Program	10.555		4555, 6555		1,122,159
Summer Food Service Program for Children	10.559		4559		78,403
Passed Through Colorado Department of Human Services					
National School Lunch Program	10.555		4555		178,245
<i>Total Child Nutrition Cluster</i>					<u>1,854,899</u>
<i>Forest Service Schools and Roads Cluster</i>					
Passed Through Fremont County, Colorado					
Schools and Roads - Grants to States	10.665		7665		74,630
<i>Total Forest Service Schools and Roads Cluster</i>					<u>74,630</u>
Passed Through Colorado Department of Education					
Total U.S. Department of Agriculture					<u>1,929,529</u>
U.S. Department of Defense					
Direct Programs					
Reserve Officer Training Corps (ROTC)	12.Unknown		9001		84,641
Total U.S. Department of Defense					<u>84,641</u>
U.S. Department of Education					
Passed Through Colorado Department of Education					
<i>Special Education Cluster</i>					
Special Education: Grants to States IDEA Part B	84.027		4027		828,157
Special Education: Preschool Grants	84.173		4173		45,939
<i>Total Special Education Cluster</i>					<u>874,096</u>
			4010, 5010, 7010, 9211		
Title I Grants to Local Educational Agencies	84.010				1,221,977
Rehabilitation Services Vocational Rehabilitation Grants to States					
	84.126		5126		194,010
Twenty-First Century Community Learning Centers	84.287C		7287		146,523
Teacher and Principal Training and Recruiting Fund	84.367		4367		215,862
Comprehensive Literacy Development	84.371C		5371		185,141
Student Support and Academic Enrichment Program	84.424A		4424		60,398
Education Stabilization Fund					
			4414, 9414, 4434, 4431, 4461, 4436		
ESSER III	84.425U	COVID-19			463,529
Passed through Colorado Community College System					
Vocational Education - Carl Perkins	84.048		4048		51,599
Total U.S. Department of Education					<u>\$ 3,413,135</u>

See the accompanying independent auditors' report.

**SCHOOL DISTRICT FREMONT RE-1
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2025**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Assistance Listing Number	Additional Award Identification	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. Department of Health and Human Services					
<i>CCDF Cluster</i>					
Passed Through Colorado Department of Human Services					
Child Care and Development Block Grant	93.575		7575	\$ -	\$ 118,383
<i>Total CCDF Cluster</i>				<u>-</u>	<u>118,383</u>
Total U.S. Department of Health and Human Services					
Total Federal Awards				<u>\$ -</u>	<u>\$ 5,545,688</u>

See the accompanying independent auditors' report.

**SCHOOL DISTRICT FREMONT RE-1
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 (the "Schedule") includes the federal award activity of School District Fremont RE-1 under programs of the federal government for the year ended June 30, 2025. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of School District Fremont RE-1, it is not intended to and does not present the financial position, changes in net position, or cash flows of School District Fremont RE-1.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified-accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Pass-through entity identifying numbers are presented where available. ROTC does not have an ALN number, so the Federal ALN number on the Schedule of Expenditures of Federal Awards identifies the Department followed by "Unknown".

NOTE 3 – INDIRECT COST RATE

School District Fremont RE-1 has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 4 – NON-CASH ASSISTANCE

During the year end June 30, 2025, School District Fremont RE-1 received \$178,245 in non-cash assistance in the form of food commodities. Valuation of commodities is based on fair market value at the time of receipt.



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

To the Board of Education
School District Fremont RE-1

We have audited, in accordance with the 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, the discretely presented component units, each major fund, and the aggregate remaining fund information of School District Fremont RE-1, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise School District Fremont RE-1's basic financial statements, and have issued our report thereon dated December 17, 2025. The financial statements of the discretely presented component units were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or compliance and other matters associated with those component units.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered School District Fremont RE-1's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of School District Fremont RE-1's internal control. Accordingly, we do not express an opinion on the effectiveness of School District Fremont RE-1'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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity'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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether School District Fremont RE-1's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Hoelting & Company Inc.

Colorado Springs, Colorado
December 17, 2025



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

To the Board of Education
School District Fremont RE-1

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited School District Fremont RE-1's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of School District Fremont RE-1's major federal programs for the year ended June 30, 2025. School District Fremont RE-1'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, School District Fremont RE-1 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; 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* (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 School District Fremont RE-1 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 School District Fremont RE-1'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 School District Fremont RE-1's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on School District Fremont RE-1'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 generally accepted auditing standards, *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 School District Fremont RE-1's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *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 School District Fremont RE-1'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 School District Fremont RE-1'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 School District Fremont RE-1'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 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 a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies

in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not 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.

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.

Hoelting & Company Inc.

Colorado Springs, Colorado
December 17, 2025

**SCHOOL DISTRICT FREMONT RE-1
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2025**

Section I—Summary of Auditors’ Results

Financial Statements

Type of auditors’ report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? ___ yes x no
- Significant deficiency(ies) identified? ___ yes x none reported

Noncompliance material to financial statements noted? ___ yes x no

Federal Awards

Internal control over major programs?

- Material weakness(es) identified? ___ yes x no
- Significant deficiency(ies) identified? ___ yes x none reported

Type of auditors’ report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? ___ yes x no

Identification of major programs:

<u>Assistance Listing #</u>	<u>Name of Federal Program or Cluster</u>
ALN 84.010	Title I Grants to Local Educational Agencies
ALN 84.367	Teacher and Principal Training and Recruiting Fund

Dollar threshold used to distinguish between type A and type B programs? \$750,000

Auditee qualified as low-risk auditee? x yes ___ no

**SCHOOL DISTRICT FREMONT RE-1
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2025**

Section II—Financial Statement Findings

No findings reported.

Section III—Findings and Questioned Costs for Federal Awards

No findings reported.



CAÑON CITY SCHOOLS

SCHOOL DISTRICT FREMONT RE-1

101 North 14th Street
Cañon City, Colorado 81212

Phone (719) 276-5700
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ADMINISTRATIVE STAFF

ADAM HARTMAN
Superintendent of Schools
DAN COPPA
Director of Technology
JAMIE DAVIS
Director of Human Resources
GLENN HAYES
Chief Financial Officer
SCOTT MORTON
Director of Operations
TIM RENN
Director of Special Services
BRIAN ZAMARRIPA
Director of Curriculum & Assessment

The Summary Schedule of Prior Audit Findings (the Summary) summarizes the status of the audit findings reported in the School District Fremont RE-1 Schedule of Findings and Questioned Costs for the year ended June 30, 2024. If the prior audit finding was fully addressed, the Summary indicates that the corrective action described in the prior audit report was taken or that corrective action is no longer needed. Otherwise, the Summary references the page number of the June 30, 2025 single audit report where a repeat recommendation, description of the planned corrective action, or reason for not implementing the recommendation is presented.

None.

STATE COMPLIANCE



**INDEPENDENT AUDITORS' REPORT ON COLORADO SCHOOL
DISTRICT/BOCES AUDITOR'S INTEGRITY REPORT**

To the Board of Education
School District Fremont RE-1

We have audited the accompanying financial statements of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the School District Fremont RE-1, as of and for the year ended June 30, 2025 and the related notes to the financial statements, which collectively comprise the School District Fremont RE-1's basic financial statements as listed in the table of contents. Our report thereon, dated December 17, 2025, expressed an unmodified opinion on those financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District Fremont RE-1's basic financial statements. The accompanying *Colorado School District/BOCES, Auditor's Integrity Report* is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the *Colorado School District/BOCES, Auditor's Integrity Report* is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Colorado Springs, Colorado
December 17, 2025



Colorado Department of Education
Auditors Integrity Report
 District: 1140 - Canon City RE-1
 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	9,616,793	39,038,975	40,106,604	8,549,164
18 Risk Mgmt Sub-Fund of General Fund	0	0	0	0
19 Colorado Preschool Program Fund	216,090	0	86,733	129,357
Sub- Total	9,832,884	39,038,975	40,193,337	8,678,521
11 Charter School Fund	935,068	3,208,310	2,967,992	1,175,386
20,26-29 Special Revenue Fund	616,903	780,344	694,643	702,604
06 Supplemental Cap Const, Tech, Main. Fund	0	0	0	0
07 Total Program Reserve Fund	0	0	0	0
21 Food Service Spec Revenue Fund	1,381,835	2,315,910	2,413,974	1,283,771
22 Govt Designated-Purpose Grants Fund	0	6,521,007	6,521,007	0
23 Pupil Activity Special Revenue Fund	871	1,050,045	1,181,391	-130,475
25 Transportation Fund	0	0	0	0
31 Bond Redemption Fund	4,359,807	4,060,527	4,262,550	4,157,785
39 Certificate of Participation (COP) Debt Service Fund	0	0	0	0
41 Building Fund	38,064,927	11,355,897	27,880,787	21,540,037
42 Special Building Fund	0	0	0	0
43 Capital Reserve Capital Projects Fund	2,155,142	549,215	1,517,816	1,186,541
46 Supplemental Cap Const, Tech, Main Fund	0	0	0	0
Totals	57,347,437	68,880,229	87,633,498	38,594,169
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	1,026,715	142,542	55,480	1,113,777
72 Private Purpose Trust Fund	500,992	31,439	11,224	521,206
73 Agency Fund	320,638	34,308	23,333	331,613
74 Pupil Activity Agency Fund	0	0	0	0
79 GASB 34:Permanent Fund	0	0	0	0
85 Foundations	0	0	0	0
Totals	1,848,344	208,289	90,037	1,966,596

FINAL