



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

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

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2025**

FREMONT COUNTY SCHOOL DISTRICT RE-2

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Fremont County School District RE-2 (the District) as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the basic financial statements of the District, as listed in the table of contents.

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

Basis of Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District’s basic financial statements. The accompanying combining and individual nonmajor fund statements and budget comparison schedules, schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the auditor’s integrity report listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling the information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, the schedule of expenditures of federal awards, and the auditor’s integrity report are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 20, 2026, on our consideration of the District’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District’s internal control over financial reporting and compliance.

DMC Auditing and Consulting, LLC

March 20, 2026
Bailey, Colorado

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

As management of the Fremont RE-2 School District, we offer readers of the District's Comprehensive Annual Financial Report this narrative and analysis of the financial activities of the District for the fiscal year ending June 30, 2025. We encourage readers to consider the information presented here in conjunction with additional information provided in the Independent Auditor's report.

Financial Highlights

- ❑ The primary government has government-wide net position of \$8,962,440 at the end of the current fiscal year. This decreased primarily due to spend down of the building fund remaining funds for capital projects during FY 2025.
- ❑ Governmental funds have an unassigned fund balance that increased from \$11,543,540 to \$11,563,105, an increase of \$19,565. This increase was due to break-even year for the District.
- ❑ Fund balance of the District's governmental funds decreased by \$8,064,582 resulting in an ending fund balance of \$15,888,082. The General Fund balance decreased from a beginning balance of \$12,197,880 to an ending balance of \$12,152,232, which included a restatement for a correction of prior year fund balance for an increase of \$370,237, a decrease of \$415,885. This had a net decrease of \$45,648.
- ❑ The District spent a significant portion of the building fund balance on various renovation projects, which reduced the building fund balance by \$7,991,303, from \$8,010,211 to \$18,908.

Overview of the Financial Statements

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

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

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

Government-Wide Financial Statements

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

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

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

Governmental activities consolidate all of the following Fremont RE-2 School District funds: general fund, building fund, food service fund, grants fund, building fund, pupil activity fund, and debt service fund. The district added a Building Fund two years ago to manage the restricted bond proceeds from a bond passed in the amount of \$25,000,000 plus premium of \$2,791,463 for the purpose of adding a secondary gymnasium and a Career & Technical Education Building at Florence Junior Senior High School; a new cafeteria added to Fremont Elementary School as well as restructuring the pickup/drop off are for buses; and a safety upgrade to Penrose Elementary School.

Fund Financial Statements

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

Governmental Funds

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

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

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

Fiduciary Funds

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

Notes to the Financial Statements

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

Other Information

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

Government-Wide Financial Analysis

Government-Wide Net Position

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

Fremont RE-2 School District Net Position

	Governmental Activities	
	2025	2024
ASSETS		
Current and Other Assets	19,070,712	30,068,816
Capital Assets, Net	41,925,512	36,086,486
Total Assets	60,996,224	66,155,302
Deferred Outflows of Resources	5,556,447	8,211,890
LIABILITIES		
Current and Other Liabilities	3,746,978	7,003,562
Long-Term Liabilities	52,825,430	55,342,500
Total Liabilities	56,572,408	62,346,062
Deferred Inflows of Resources	1,017,823	1,551,479
NET POSITION		
Net Investment in Capital Assets	12,800,932	13,739,009
Restricted for:		
Emergencies	545,000	600,000
Debt Service	2,455,239	2,134,841
Food Service	883,794	814,231
Preschool	44,127	54,340
Unrestricted	(7,766,652)	(6,872,770)
Total Net Position	8,962,440	10,469,651

Government-Wide Activities

Governmental activities increased the net assets of the District during the current fiscal year ending June 30, 2025.

	Governmental Activities	
	2025	2024
REVENUES		
Charges for Services	839,418	862,173
Operating Grants and Contributions	3,834,685	4,391,324
Capital Grants and Contributions	-	1,143,313
Property Taxes	5,982,640	5,289,085
Specific Ownership Taxes	699,446	686,816
State Equalization	10,554,581	9,961,526
Investment Income	909,910	1,994,118
Other	128,029	228,379
Total Revenues	22,948,709	24,556,734
EXPENSES		
Instruction	14,240,961	12,516,061
Supporting Services	8,262,749	8,235,741
Food Services	1,268,616	1,228,754
Interest on Long-Term Debt	1,053,831	1,051,752
Total Expenses	24,826,157	23,032,308
 Change in Net Position	 (1,877,448)	 1,524,426
 Net Position, Beginning, as Originally Stated	 10,469,651	 8,945,225
Restatement - Correction of an Error	370,237	-
Net Position, Beginning, Restated	10,839,888	8,945,225
Net Position, Ending	8,962,440	10,469,651

Financial Analysis of the Government Funds

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

The combined general fund is the major governmental fund of Fremont RE-2 School District. The combined general fund under GASB 34 reporting requirements includes the general fund, non-restricted projects fund, the general capital projects fund, the Colorado preschool fund, and the food service fund. As of June 30, 2025, the general fund shows an ending fund balance of \$12,152,232 decreased from the prior year balance of \$12,568,117 in the amount of \$415,885. In addition, the District had to restate and correct an error in the prior year that increased the fund balance by \$370,237. The restatement occurred due to a correction of an error resulting from revenue recognition of a specific grant that was recorded as unearned in prior years.

General Fund Budgetary Highlights

Fremont RE-2 School District began budget development for the 2024-2025 fiscal year in February 2024 with preliminary analysis of salary requirements related to teacher negotiations. After reviewing enrollment projections and the most current revenue assumptions, the Superintendent and her senior staff prepared a preliminary budget by prioritizing the needs expressed in the hearings' process. The preliminary budget was presented to the Board of Education in May 2024. Adoption of the 2024-2025 District budget occurred in June 2024 with a Final Budget adopted in January 2025. The District's General Fund actual revenues were \$191,116 over the budgeted amount in FY 2025. In addition, the District's actual expenditures were \$3,736,465 under the budgeted expenditures.

Capital Assets and Debt Administration

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

	Balance 6/30/2024	Additions	Deletions	Balance 6/30/2025
Governmental Activities				
Capital Assets, Not Being Depreciated:				
Land	\$ 1,007,850	\$ -	\$ -	\$ 1,007,850
Construction in Progress	20,396,875	8,352,775	28,467,474	282,176
Total Capital Assets, Not Being Depreciated	<u>21,404,725</u>	<u>8,352,775</u>	<u>28,467,474</u>	<u>1,290,026</u>
Capital Assets, Being Depreciated:				
Buildings and Site Improvements	44,655,381	28,759,831	-	73,415,212
Equipment and Vehicles	4,752,887	475,437	-	5,228,324
Food Service	797,093	12,662	-	809,755
Total Capital Assets, Being Depreciated	<u>50,205,361</u>	<u>29,247,930</u>	<u>-</u>	<u>79,453,291</u>
Less Accumulated Depreciation:				
Buildings and Site Improvements	(31,098,845)	(2,951,867)	-	(34,050,712)
Equipment and Vehicles	(3,839,366)	(289,403)	-	(4,128,769)
Food Service	(585,389)	(52,935)	-	(638,324)
Total Accumulated Depreciation	<u>(35,523,600)</u>	<u>(3,294,205)</u>	<u>-</u>	<u>(38,817,805)</u>
Capital Assets, Being Depreciated, Net	<u>14,681,761</u>	<u>25,953,725</u>	<u>-</u>	<u>40,635,486</u>
Capital Assets, Governmental Activities, Net	<u>\$ 36,086,486</u>	<u>\$ 34,306,500</u>	<u>\$ 28,467,474</u>	<u>\$ 41,925,512</u>

Long Term Liabilities

The District has a long term debt liability which is not due or payable during this period. The District's portion of the net pension obligation for PERA is reported on the statement of net position and not as a liability in the funds. The amount obligated to PERA is \$24,094,135, which includes pension and OPEB liabilities.

	Balance 6/30/2024	Additions	Reductions	Balance 6/30/2025	Due Within One Year
Governmental Activities					
G.O. Bonds, Series 2023	24,570,000	-	550,000	24,020,000	580,000
Bond Premium	3,355,334	-	230,281	3,125,053	-
Financed Purchase	2,156,731	-	158,296	1,998,435	165,264
Compensated Absences	275,623	57,448	-	333,071	-
Total	\$ 30,357,688	\$ 57,448	\$ 938,577	\$ 29,476,559	\$ 745,264

Economic Factors and Next Year's Budgets

The fund balance in the General Fund demonstrates that the District is financially stable. The District continues to be in a situation of declining enrollment but has made the necessary adjustments to keep expenditures in line with revenues. In light of the current economy in the State of Colorado, and the fact that the majority of the District's revenue is flow through money from State Equalization, the District along with the Eastern Fremont Education Association and the Classified Association agreed to fund incremental raises for the 2024-2025 school year.

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

Requests for Information

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

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

BASIC FINANCIAL STATEMENTS

FREMONT COUNTY SCHOOL DISTRICT RE-2

STATEMENT OF NET POSITION

June 30, 2025

	<u>PRIMARY GOVERNMENTAL ACTIVITIES</u>
ASSETS	
Cash and Investments	\$ 17,926,305
Accounts Receivable	192,555
Taxes Receivable	398,574
Grants Receivable	528,979
Inventory	24,299
Capital Assets, <i>Not Being Depreciated</i>	1,290,026
Capital Assets, <i>Net of Accumulated Depreciation</i>	<u>40,635,486</u>
TOTAL ASSETS	<u>60,996,224</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pensions, <i>Net of Accumulated Amortization</i>	5,445,937
OPEB, <i>Net of Accumulated Amortization</i>	<u>110,510</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>5,556,447</u>
LIABILITIES	
Accounts Payable	253,596
Retainage Payable	14,109
Accrued Liabilities	8,201
Accrued Salaries and Benefits	1,777,070
Accrued Interest Payable	134,668
Unearned Revenue	814,070
Noncurrent Liabilities	
Due Within One Year	745,264
Due in More Than One Year	28,731,295
Net Pension Liability	23,674,090
Net OPEB Liability	<u>420,045</u>
TOTAL LIABILITIES	<u>56,572,408</u>
DEFERRED INFLOWS OF RESOURCES	
Pensions, <i>Net of Accumulated Amortization</i>	763,550
OPEB, <i>Net of Accumulated Amortization</i>	<u>254,273</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>1,017,823</u>
NET POSITION	
Net Investment in Capital Assets	12,800,932
Restricted for:	
Emergencies	545,000
Debt Service	2,455,239
Food Service	883,794
Preschool	44,127
Unrestricted	<u>(7,766,652)</u>
TOTAL NET POSITION	<u>\$ 8,962,440</u>

See Notes to the Financial Statements.

FREMONT COUNTY SCHOOL DISTRICT RE-2
STATEMENT OF ACTIVITIES
Year Ended June 30, 2025

FUNCTIONS / PROGRAMS	EXPENSES	CHARGES FOR SERVICES	PROGRAM REVENUES	OPERATING GRANTS AND CONTRIBUTIONS	NET (EXPENSE) REVENUE AND CHANGE IN NET POSITION
PRIMARY GOVERNMENT				PRIMARY GOVERNMENT	GOVERNMENT
Governmental Activities				GOVERNMENTAL ACTIVITIES	ACTIVITIES
Instruction	\$ 14,240,961	\$ 673,859	\$ 1,539,462	\$ (12,027,640)	
Supporting Services	8,262,749	54,468	1,155,621	(7,052,660)	
Food Services	1,268,616	111,091	1,139,602	(17,923)	
Interest on Long-Term Debt	<u>1,053,831</u>	-	-	<u>(1,053,831)</u>	
TOTAL GOVERNMENTAL ACTIVITIES	<u>\$ 24,826,157</u>	<u>\$ 839,418</u>	<u>\$ 3,834,685</u>	<u>(20,152,054)</u>	
GENERAL REVENUES					
Local Property Taxes				5,982,640	
Specific Ownership Taxes				699,446	
State Equalization				10,554,581	
Investment Income				909,910	
Other				<u>128,029</u>	
TOTAL GENERAL REVENUES				<u>18,274,606</u>	
CHANGE IN NET POSITION				<u>(1,877,448)</u>	
NET POSITION, Beginning, as Originally Stated				<u>10,469,651</u>	
Restatement - Correction of an Error				<u>370,237</u>	
NET POSITION, Beginning, as Restated				<u>10,839,888</u>	
NET POSITION, Ending				<u>\$ 8,962,440</u>	

See Notes to the Financial Statements.

FREMONT COUNTY SCHOOL DISTRICT RE-2
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2025

	GENERAL	BUILDING	GRANTS
ASSETS			
Cash and Investments	\$ 14,266,293	\$ 18,908	\$ 54,611
Accounts Receivable	136,703	-	-
Grants Receivable	2,718	-	434,189
Taxes Receivable	311,251	-	-
Inventory	-	-	-
Interfund Receivables	-	-	2,466
	<u>14,716,965</u>	<u>18,908</u>	<u>491,266</u>
TOTAL ASSETS	\$ 14,716,965	\$ 18,908	\$ 491,266
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES			
Accounts Payable	\$ 214,821	\$ -	\$ 36,610
Retainage Payable	14,109	-	-
Accrued Liabilities	-	-	8,201
Accrued Salaries and Benefits	1,623,733	-	90,565
Interfund Payables	3,713	-	-
Unearned Revenue	458,180	-	355,890
	<u>2,314,556</u>	<u>-</u>	<u>491,266</u>
TOTAL LIABILITIES	2,314,556	-	491,266
DEFERRED INFLOWS OF RESOURCES			
Property Taxes	250,177	-	-
	<u>250,177</u>	<u>-</u>	<u>-</u>
FUND BALANCES			
Restricted for:			
Emergencies	545,000	-	-
Preschool	44,127	-	-
Capital Projects	-	18,908	-
Debt Service	-	-	-
Food Service	-	-	-
Assigned to Student Activities	-	-	-
Unassigned	11,563,105	-	-
	<u>12,152,232</u>	<u>18,908</u>	<u>-</u>
TOTAL FUND BALANCES	12,152,232	18,908	-
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 14,716,965	\$ 18,908	\$ 491,266

	NONMAJOR GOVERNMENTAL FUNDS	TOTAL
DEBT SERVICE		
\$ 2,452,384	\$ 1,134,109	\$ 17,926,305
50,200	5,652	192,555
-	92,072	528,979
87,323	-	398,574
-	24,299	24,299
-	1,247	3,713
<u>\$ 2,589,907</u>	<u>\$ 1,257,379</u>	<u>\$ 19,074,425</u>
\$ -	\$ 2,165	\$ 253,596
-	-	14,109
-	-	8,201
-	62,772	1,777,070
-	-	3,713
-	-	814,070
<u>-</u>	<u>64,937</u>	<u>2,870,759</u>
65,407	-	315,584
<u>-</u>	<u>-</u>	<u>545,000</u>
-	-	44,127
-	-	18,908
2,524,500	-	2,524,500
-	883,794	883,794
-	308,648	308,648
-	-	11,563,105
<u>2,524,500</u>	<u>1,192,442</u>	<u>15,888,082</u>
<u>\$ 2,589,907</u>	<u>\$ 1,257,379</u>	<u>\$ 19,074,425</u>

FREMONT COUNTY SCHOOL DISTRICT RE-2
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
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 Balances of Governmental Funds	\$	15,888,082
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds.		41,925,512
Long-term assets are not available to pay current year expenditures and, therefore, are deferred in governmental funds. This amount represents property taxes earned but not available as current financial resources.		315,584
Long-term liabilities and related items are not due and payable in the current year and, therefore, are not reported in governmental funds:		
Compensated Absences		(333,071)
Accrued Interest Payable		(134,668)
Bonds Payable		(29,143,488)
Net Pension Liability		(23,674,090)
Pension-Related Deferred Outflows of Resources		5,445,937
Pension-Related Deferred Inflows of Resources		(763,550)
Net OPEB Liability		(420,045)
OPEB-Related Deferred Outflows of Resources		110,510
OPEB-Related Deferred Inflows of Resources		(254,273)
		8,962,440
Total Net Position of Governmental Activities	\$	8,962,440

FREMONT COUNTY SCHOOL DISTRICT RE-2
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2025

	GENERAL	BUILDING	GRANTS
REVENUES			
Local Sources	\$ 5,844,771	\$ 187,537	\$ -
County Sources	29,976	-	-
State Sources	11,384,788	-	342,098
Federal Sources	475,664	-	938,045
	<u>17,735,199</u>	<u>187,537</u>	<u>1,280,143</u>
TOTAL REVENUES			
EXPENDITURES			
Current			
Instruction	10,373,634	-	489,364
Supporting Services	6,480,909	115,103	824,413
Food Services	-	-	-
Capital Outlay	1,057,162	8,063,737	-
Debt Service			
Principal	158,296	-	-
Interest and Fiscal Charges	47,449	-	-
	<u>18,117,450</u>	<u>8,178,840</u>	<u>1,313,777</u>
TOTAL EXPENDITURES			
EXCESS REVENUES OVER (UNDER) EXPENDITURES	<u>(382,251)</u>	<u>(7,991,303)</u>	<u>(33,634)</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	33,634
Transfers Out	(33,634)	-	-
	<u>(33,634)</u>	<u>-</u>	<u>33,634</u>
TOTAL OTHER FINANCING SOURCES (USES)			
CHANGES IN FUND BALANCES	<u>(415,885)</u>	<u>(7,991,303)</u>	<u>-</u>
FUND BALANCES, Beginning, as Originally Stated	12,197,880	8,010,211	-
Reclassification from Nonmajor to Major	-	-	-
Restatement - Correction of Error	370,237	-	-
	<u>12,568,117</u>	<u>8,010,211</u>	<u>-</u>
FUND BALANCES, Beginning, as Restated			
FUND BALANCES, Ending	<u>\$ 12,152,232</u>	<u>\$ 18,908</u>	<u>\$ -</u>

	NONMAJOR GOVERNMENTAL FUNDS	TOTAL
DEBT SERVICE		
\$ 2,041,654	\$ 579,685	\$ 8,653,647
-	-	29,976
-	115,092	11,841,978
-	1,024,510	2,438,219
<u>2,041,654</u>	<u>1,719,287</u>	<u>22,963,820</u>
-	407,775	11,270,773
-	9,556	7,429,981
-	1,196,168	1,196,168
-	13,269	9,134,168
550,000	-	708,296
1,241,567	-	1,289,016
<u>1,791,567</u>	<u>1,626,768</u>	<u>31,028,402</u>
<u>250,087</u>	<u>92,519</u>	<u>(8,064,582)</u>
-	-	33,634
-	-	(33,634)
-	-	-
250,087	92,519	(8,064,582)
-	3,374,336	23,582,427
2,274,413	(2,274,413)	-
-	-	370,237
<u>2,274,413</u>	<u>1,099,923</u>	<u>23,952,664</u>
<u>\$ 2,524,500</u>	<u>\$ 1,192,442</u>	<u>\$ 15,888,082</u>

FREMONT COUNTY SCHOOL DISTRICT RE-2
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2025

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

Net Change in Fund Balances of Governmental Funds	\$ (8,064,582)
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	(3,294,205)
Capital Outlay	9,133,231
Revenues that do not provide current financial resources are deferred in the governmental fund financial statements but are recognized in the government-wide financial statements. This amount represents the change in deferred property taxes.	
	(15,111)
The repayment of long-term debt principal is an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net position and does not affect the statement of activities.	
	708,296
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position and does not affect the statement of activities. This is the effect of these differences in the treatment of long-term debt and amortization of bond premiums.	
	230,281
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. This includes the changes in the following:	
Accrued Interest Payable	4,904
Compensated Absences	(57,448)
Net Pension Liability	1,413,259
Pension-Related Deferred Outflows of Resources	(2,630,650)
Pension-Related Deferred Inflows of Resources	552,039
Net OPEB Liability	185,714
OPEB-Related Deferred Outflows of Resources	(24,793)
OPEB-Related Deferred Inflows of Resources	(18,383)
	(1,877,448)
Change in Net Position of Governmental Activities	\$ (1,877,448)

FREMONT COUNTY SCHOOL DISTRICT RE-2

STATEMENT OF FIDUCIARY NET POSITION

June 30, 2025

	<u>SCHOLARSHIP TRUST FUND</u>
ASSETS	
Cash and Cash Equivalents	\$ <u><u>1,631,238</u></u>
NET POSITION	
Restricted for Scholarship	\$ <u><u>1,631,238</u></u>

FREMONT COUNTY SCHOOL DISTRICT RE-2
STATEMENT OF CHANGE IN FIDUCIARY NET POSITION
Year Ended June 30, 2025

	<u>SCHOLARSHIP TRUST FUND</u>
ADDITIONS	
Local Sources	\$ 21,500
Investment Income	<u>104,361</u>
 TOTAL ADDITIONS	 <u><u>125,861</u></u>
DEDUCTIONS	
Scholarships and Awards	110,253
Fees	<u>31,676</u>
 TOTAL DEDUCTIONS	 <u>141,929</u>
 CHANGE IN NET POSITION	 (16,068)
 NET POSITION, Beginning	 <u>1,647,306</u>
 NET POSITION, Ending	 \$ <u><u>1,631,238</u></u>

FREMONT COUNTY SCHOOL DISTRICT RE-2
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

NOTE 1: Summary of Significant Accounting Policies

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

Reporting Entity

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

Government-wide and Fund Financial Statements

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

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

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

FREMONT COUNTY SCHOOL DISTRICT RE-2
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

NOTE 1: Summary of Significant Accounting Policies (Continued)

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

The *Grants Fund* is used to account for revenues and expenditures from federal, state, and local grants awarded to the District.

The *Debt Service Fund* is used to account for the accumulation of resources for, and the payment of, long term general obligation debt principal, interest, and related costs.

Additionally, the District reports the following fund types:

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

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

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

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

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

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

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

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

FREMONT COUNTY SCHOOL DISTRICT RE-2

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2025

NOTE 1: Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

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

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

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

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

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

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

FREMONT COUNTY SCHOOL DISTRICT RE-2
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

NOTE 1: Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

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

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

FREMONT COUNTY SCHOOL DISTRICT RE-2
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

NOTE 1: Summary of Significant Accounting Policies (Continued)

Property Taxes

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

NOTE 2: Cash and Investments

At June 30, 2025, the District had the following cash and investments:

Cash on Hand	\$ 900
Deposits	1,208,625
Investments	<u>18,348,018</u>
Total	<u>\$ 19,557,543</u>

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

Cash and Investments	\$ 17,926,305
Fiduciary Funds	<u>1,631,238</u>
Total	<u>\$ 19,557,543</u>

Deposits

The Colorado Public Deposit Protection Act (PDPA) requires local government entities to deposit cash in eligible public depositories. Eligibility is determined by State regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. The PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution or held in trust for all uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. At June 30, 2025, the District had bank deposits of \$1,515,539 collateralized with securities held by the financial institution’s agent but not in the District’s name.

Investments

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

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

FREMONT COUNTY SCHOOL DISTRICT RE-2
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

NOTE 2: Cash and Investments (Continued)

Investments (Continued)

At June 30, 2025, the District had the following investments:

Investment Type	NSRO Rating	Fair Value	Maturity	Concentration	Fair Value
			Less Than One Year		Hierarchy
Local Government Pools	AAAm	\$ 16,754,382	\$ 16,754,382	91%	NAV
Exchange Traded Funds - Equities	N/A	1,593,636	1,593,636	9%	Level 1
Total Investments		<u>\$ 18,348,018</u>	<u>\$ 18,348,018</u>	<u>100%</u>	

Fair Value Measurements - At June 30, 2025, the District's investments in the local government investment pool reported at the net asset value per share.

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

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

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

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

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

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

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

Local Government Investment Pool – At June 30, 2025, the District and the College had \$16,754,382 invested in the Colorado Local Government Liquid Asset Trust Plus (ColoTrust). ColoTrust is an investment vehicle established for local government entities in Colorado to pool surplus funds. The Colorado Division of Securities administers and enforces the requirements of creating and operating ColoTrust. ColoTrust operates in conformity with the Securities and Exchange Commission's Rule 2a-7. ColoTrust is measured at the net asset value per share, with each share valued at \$1. ColoTrust is rated AAAm by Standard and Poor's. Investments of ColoTrust is limited to those allowed by State statutes. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. The custodian's internal records identify the investments owned by the participating governments.

FREMONT COUNTY SCHOOL DISTRICT RE-2

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2025

NOTE 2: Cash and Investments (Continued)

Investments (Continued)

Exchange Traded Funds (Equities) – At June 30, 2025, the District held investments in custodial capacity for the Scholarship Trust in the amount of \$1,593,636 invested in various exchange traded funds held at Charles Schwab and managed by Maverick Wealth Advisors. The exchange traded funds operate in accordance with the Investment Company Act of 1940. State statutes do not apply to the Scholarship Trust and the District is not responsible for the investment of these funds.

NOTE 3: Interfund Balances and Transfers

At June 30, 2025, the General Fund collected grant reimbursements on behalf of the Food Service Fund and Grants Fund \$1,247 and \$2,466, respectively. The interfund balances were cleared after year-end.

During the year ended June 30, 2025, the General Fund transferred \$33,634 to the Grants Fund to subsidize grant-related activities.

NOTE 4: Capital Assets

Capital asset activity for the year ended June 30, 2025, is summarized below:

	Balance 6/30/2024	Additions	Deletions	Balance 6/30/2025
Governmental Activities				
Capital Assets, Not Being Depreciated:				
Land	\$ 1,007,850	\$ -	\$ -	\$ 1,007,850
Construction in Progress	20,396,875	8,352,775	28,467,474	282,176
Total Capital Assets, Not Being Depreciated	<u>21,404,725</u>	<u>8,352,775</u>	<u>28,467,474</u>	<u>1,290,026</u>
Capital Assets, Being Depreciated:				
Buildings and Site Improvements	44,655,381	28,759,831	-	73,415,212
Equipment and Vehicles	4,752,887	475,437	-	5,228,324
Food Service	797,093	12,662	-	809,755
Total Capital Assets, Being Depreciated	<u>50,205,361</u>	<u>29,247,930</u>	<u>-</u>	<u>79,453,291</u>
Less Accumulated Depreciation:				
Buildings and Site Improvements	(31,098,845)	(2,951,867)	-	(34,050,712)
Equipment and Vehicles	(3,839,366)	(289,403)	-	(4,128,769)
Food Service	(585,389)	(52,935)	-	(638,324)
Total Accumulated Depreciation	<u>(35,523,600)</u>	<u>(3,294,205)</u>	<u>-</u>	<u>(38,817,805)</u>
Capital Assets, Being Depreciated, Net	<u>14,681,761</u>	<u>25,953,725</u>	<u>-</u>	<u>40,635,486</u>
Capital Assets, Governmental Activities, Net	<u>\$ 36,086,486</u>	<u>\$ 34,306,500</u>	<u>\$ 28,467,474</u>	<u>\$ 41,925,512</u>

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

Instruction	\$ 2,593,016
Supporting Services	648,254
Food Service	<u>52,935</u>
Total	<u>\$ 3,294,205</u>

FREMONT COUNTY SCHOOL DISTRICT RE-2
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

NOTE 5: Long-Term Debt

Following is a summary of long-term debt transactions for the year ended June 30, 2025.

	Balance 6/30/2024	Additions	Reductions	Balance 6/30/2025	Due Within One Year
Governmental Activities					
G.O. Bonds, Series 2023	24,570,000	-	550,000	24,020,000	580,000
Bond Premium	3,355,334	-	230,281	3,125,053	-
Financed Purchase	2,156,731	-	158,296	1,998,435	165,264
Compensated Absences	275,623	57,448	-	333,071	-
Total	\$ 30,357,688	\$ 57,448	\$ 938,577	\$ 29,476,559	\$ 745,264

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

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 580,000	\$ 1,205,825	\$ 1,785,825
2027	605,000	1,176,200	1,781,200
2028	640,000	1,145,075	1,785,075
2029	670,000	1,112,325	1,782,325
2030	705,000	1,077,950	1,782,950
2031-2035	4,085,000	4,811,000	8,896,000
2036-2040	5,210,000	3,654,125	8,864,125
2041-2045	6,650,000	2,171,831	8,821,831
2046-2048	4,875,000	392,831	5,267,831
Total	\$ 24,020,000	\$ 16,747,163	\$ 40,767,163

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

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 165,264	\$ 43,966	\$ 209,230
2027	184,490	40,330	224,820
2028	176,510	36,271	212,781
2029	180,393	32,388	212,781
2030	184,362	28,419	212,781
2031-2035	929,391	81,800	1,011,191
2036	178,025	3,917	181,942
Total	\$ 1,998,435	\$ 267,092	\$ 2,265,527

FREMONT COUNTY SCHOOL DISTRICT RE-2

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2025

NOTE 6: Defined Benefit Pension Plan

General Information

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

Benefits Provided as of December 31, 2024 - The SDTF provides retirement, disability, and survivor benefits to plan participants or their beneficiaries. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure in place, the benefit option selected at retirement, and age at retirement. The retirement benefit is the greater of the a) highest average salary over five years multiplied by 2.5% and then multiplied by years of service credit, or b) the value of the participant's contribution account plus an equal match on the retirement date, annualized into a monthly amount based on life expectancy and other actuarial factors. In all cases, the benefit amount may not exceed the highest average salary, or the amount allowed by applicable federal regulations.

Members may elect to withdraw their member contribution accounts upon termination of employment with all PERA employers, while 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 of employment was terminated, whether five 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 CRS Subject to the automatic adjustment provision (AAP) under CRS § 24-51-413, eligible benefit recipients under the PERA benefit structure who began membership before January 1, 2007, will receive the maximum annual increase (AI) or AI cap of 1% unless adjusted by the AAP. Eligible benefit recipients under the PERA benefit structure who began membership on or after January 1, 2007, will receive the lesser of an annual increase of the 1% AI cap or the average increase of the Consumer Price Index for Urban Wage Earners and Clerical Workers for the prior calendar year, not to exceed a determined increase that would exhaust 10% of PERA's Annual Increase Reserve (AIR). The AAP may raise or lower the aforementioned AI cap by up to 0.25% based on the parameters specified in CRS § 24-51-413.

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

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

FREMONT COUNTY SCHOOL DISTRICT RE-2
NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2025

NOTE 6: Defined Benefit Pension Plan (Continued)

General Information (Continued)

Contributions provisions as of June 30, 2025 - The District, State, and eligible employees are required to contribute to the SDTF at rates established by Title 24, Article 51, Part 4 of the CRS. These contribution requirements are established and may be amended by the State Legislature. The contribution rate for employees was 11% for the period from July 1, 2024, through June 30, 2025. The District's contribution rate for the fiscal year was 21.40% of covered salaries. However, a portion of the District's contribution (1.02% of covered salaries) is allocated to the Health Care Trust Fund (Note 7). The District's contributions to the SDTF for the year ended June 30, 2025, were \$2,236,667, equal to the required contributions at a contribution rate of 20.38%.

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

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

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

At December 31, 2024, the District's proportion was 0.1372021363%, which was a decrease of 0.0046671735% from its proportion measured at December 31, 2023.

At June 30, 2025, the District reported a liability for its proportionate share of the net pension liability that reflected an increase for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the net pension liability	\$ 23,674,090
State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the District	2,126,309
	2,126,309
Total	\$ 25,800,399

For the year ended June 30, 2025, the District recognized pension expense of \$2,947,050 and a revenue of (\$194.069) for support from the State as a nonemployer contributing entity. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

FREMONT COUNTY SCHOOL DISTRICT RE-2
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

NOTE 6: Defined Benefit Pension Plan (Continued)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,340,628	\$ -
Changes of assumptions and other inputs	177,488	-
Net difference between projected and actual earnings on plan investments	446,666	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	2,298,772	763,550
Contributions subsequent to the measurement date	1,182,383	-
Total	\$ 5,445,937	\$ 763,550

District contributions subsequent to the measurement date of \$1,182,383 will be recognized as a reduction of the net pension liability in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30,

2026	\$ 2,531,826
2027	2,023,814
2028	(737,079)
2029	(318,557)
Total	\$ 3,500,004

Actuarial Assumptions - The actuarial valuation as of December 31, 2023, determined the total pension liability using the following actuarial assumptions and other inputs.

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

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

FREMONT COUNTY SCHOOL DISTRICT RE-2
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

NOTE 6: Defined Benefit Pension Plan (Continued)

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

Mortality assumptions were developed on a benefit-weighted basis and apply generational mortality, as follows. All categories of the mortality tables are generationally projected using scale MP-2019.

- Pre-retirement mortality assumptions were based upon the PubT-2010 Employee Table.
- Post-retirement (retiree) non-disabled mortality assumptions were based upon the PubT-2010 Healthy Retiree Table, adjusted as follows: 1) males: 112% of the rates prior to age 80 and 94% of the rates for ages 80 and older, and 2) females: 83% of the rates prior to age 80 and 106% of the rates for ages 80 and older.
- Post-retirement (beneficiary) non-disabled beneficiary mortality assumptions were based upon the Pub-2010 Contingent Survivor Table, adjusted as follows: 1) males: 97% of the rates for all ages, and 2) females: 105% of the rates for all ages.
- Disabled mortality assumptions were based upon the PubNS-2010 Disabled Retiree Table using 99% of the rates for all ages.

The actuarial assumptions used in the December 31, 2023, valuation were based on the results of 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 of Directors at their November 20, 2020, meeting.

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 of Directors 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 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%.

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. All of the following categories for the mortality tables are generationally projected using the 2024 adjusted MP-2021 projection scale.

- Pre-retirement mortality assumptions were based upon the PubT-2010 Employee Table.
- Post-retirement (retiree) non-disabled mortality assumptions were based upon the PubT-2010 Healthy Retiree Table, adjusted as follows: 1) males: 106% of the rates for all ages, and 2) females: 86% of the rates prior to age 85 and 115% of the rates for ages 85 and older.
- Post-retirement (beneficiary) non-disabled beneficiary mortality assumptions were based upon the Pub-2010 Contingent Survivor Table, adjusted as follows: 1) males: 92% of the rates for all ages, and 2) females: 100% of the rates for all ages.
- Disabled mortality assumptions were based upon the PubNS-2010 Disabled Retiree Table using 95% of the rates for all ages.

FREMONT COUNTY SCHOOL DISTRICT RE-2
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

NOTE 6: Defined Benefit Pension Plan (Continued)

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

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 weighing the expected future real rates of return by the target asset allocation percentages and then adding expected inflation.

The PERA Board first adopted the 7.25% long-term expected rate of return as of November 18, 2016. Following an asset/liability study, PERA’s Board of Directors reaffirmed the assumed rate of return at the PERA Board of Director's November 15, 2019, meeting, and again at the Board’s September 20, 2024, meeting. As of the most recent reaffirmation of the long-term rate of return, the target asset allocation, and best estimates of geometric real rates of return for each major asset class are summarized in the table as follows:

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
Global Equity	51.00%	5.00%
Fixed Income	23.00%	2.60%
Private Equity	10.00%	7.60%
Real Estate	10.00%	4.10%
Alternatives	6.00%	5.20%
Total	<u>100.00%</u>	

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

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

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

FREMONT COUNTY SCHOOL DISTRICT RE-2

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2025

NOTE 6: Defined Benefit Pension Plan (Continued)

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

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

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

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

FREMONT COUNTY SCHOOL DISTRICT RE-2

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2025

NOTE 6: Defined Benefit Pension Plan (Continued)

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
	<u>\$ 32,096,579</u>	<u>\$ 23,674,090</u>	<u>\$ 16,619,078</u>
Proportionate share of the net pension liability			

Pension Plan Fiduciary Net Position - Detailed information about the SDTF’s fiduciary net position is available in PERA’s separately issued annual comprehensive financial report, which may be obtained at <https://www.copera.org/forms-resources/financial-reports-and-studies>.

NOTE 7: Postemployment Healthcare Benefits

General Information

Plan Description - All employees of the District are eligible to receive postemployment benefits other than pensions (OPEB) through the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the Public Employees’ Retirement Association of Colorado (PERA). Title 24, Article 51, Part 12 of the Colorado Revised Statutes (CRS), as amended, 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. CRS provisions may be amended by the Colorado General Assembly. PERA issues a publicly available financial report, that includes information on the HCTF, which may be obtained at <https://www.copera.org/forms-resources/financial-reports-and-studies>.

Benefits Provided - The HCTF provides a healthcare premium subsidy to eligible participating benefit recipients and retirees who choose to enroll in one of the PERA health care plans. However, the subsidy is not available if benefit recipients or retirees are only enrolled in the dental and/or vision plan(s). Eligibility to enroll is voluntary and includes benefit recipients, their eligible dependents and surviving spouses, among others. Eligible benefit recipients may enroll in the HCTF upon retirement, upon the occurrence of certain life events, or on an annual basis during an open enrollment period. The health care premium subsidy is based on the benefit structure under which the member retires and the member’s years of service credit. The basis for the amount of the premium subsidy funded by each trust fund is the percentage of the member contributions account balance from each division as it relates to the total member contribution account balance from which the retirement benefit is paid.

CRS § 24-51-1202 et seq. specifies the eligibility for enrollment in the health care plans offered by PERA and the amount of the premium subsidy. The law governing a benefit recipient’s eligibility for the subsidy and the amount of the subsidy differs slightly depending under which benefit structure the benefits are calculated. All benefit recipients under the PERA benefit structure are eligible for a premium subsidy, if enrolled in a health care plan under PERACare.

Enrollment in the PERACare health benefits program is voluntary and 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.

FREMONT COUNTY SCHOOL DISTRICT RE-2
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

NOTE 7: Postemployment Healthcare Benefits (Continued)

General Information (Continued)

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

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

Contributions - As established by Title 24, Article 51, Section 208(1)(f) of the CRS, as amended, 1.02% of the District's contributions to the School Division Trust Fund (SDTF) (Note 7) are apportioned to the HCTF. No employee contributions are required. These contribution requirements are established and may be amended by the State Legislature. The District's apportionment to the HCTF for the year ended June 30, 2025, was \$111,943, equal to the required amount.

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

At June 30, 2025, the District reported a net OPEB liability of \$420,045, representing its proportionate share of the net OPEB liability of the HCTF. The net OPEB liability was measured at December 31, 2024, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2023. Standard update procedures were used to roll forward the total OPEB liability to December 31, 2024. The District's proportion of the net OPEB liability was based on the District's contributions to the HCTF for the calendar year ended December 31, 2024, relative to the contributions of all participating employers.

At December 31, 2024, the District's proportion was 0.0878449084%, which was an increase of 0.0029721658% from its proportion measured at December 31, 2023.

For the year ended June 30, 2025, the District recognized OPEB expense of (\$31,108). At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

FREMONT COUNTY SCHOOL DISTRICT RE-2
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

NOTE 7: Postemployment Healthcare Benefits (Continued)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 92,658
Changes of assumptions and other inputs	4,815	134,266
Net difference between projected and actual earnings on plan investments	1,426	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	47,860	27,349
Contributions subsequent to the measurement date	56,409	-
Total	\$ 110,510	\$ 254,273

District contributions subsequent to the measurement date of \$56,409 will be recognized as a reduction of the net OPEB liability in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

<u>Year Ended June 30,</u>	
2026	\$ (74,679)
2027	(34,350)
2028	(42,942)
2029	(22,972)
2030	(15,674)
2031	(9,555)
Total	\$ (200,172)

Actuarial Assumptions – The actuarial valuation as of December 31, 2023, determined the total OPEB liability using the following actuarial cost method, actuarial assumptions, and other inputs, applied to all periods included in the measurement.

FREMONT COUNTY SCHOOL DISTRICT RE-2
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

NOTE 7: Postemployment Healthcare Benefits (Continued)

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

Actuarial Cost Method	Entry Age
Price inflation	2.30%
Real wage growth	0.70%
Wage inflation	3.00%
Salary increases, including wage inflation	3.40% - 11.00%
Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Health care cost trend rates:	
Service-based premium subsidy	0.0%
PERACare Medicare plans	
16% in 2024, then 6.75% in 2025, gradually decreasing to 4.5% in 2034	
MAPD PPO #2	
105% in 2024, then 8.55% in 2025, gradually decreasing to 4.50% in 2034	
Medicare Part A premiums:	
3.5% in 2024, gradually increasing to 4.5% in 2033	

The total OPEB liability for the HCTF, as of the December 31, 2024, measurement date, was adjusted to reflect the disaffiliation of Tri-County Health Department (Tri-County Health), effective December 31, 2022. The additional employer disaffiliation payment allocation to the HCTF and the Local Government Division Trust Fund were \$0.020 million and \$0.486 million, respectively.

Annually, the per capita health care costs are developed by plan option. At December 31, 2023, actuarial valuation and 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 are then applied to estimate individual retiree and spouse costs by age, gender, and health care cost trend. This approach applies to all members and is adjusted accordingly for those not eligible for premium-free Medicare Part A for the PERA benefit structure.

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

FREMONT COUNTY SCHOOL DISTRICT RE-2
NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2025

NOTE 7: Postemployment Healthcare Benefits (Continued)

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

In determining the additional liability for PERACare enrollees who are age 65 or older and who are not eligible for premium-free Medicare Part A in the December 31, 2023, valuation, the following monthly costs/premium are assumed for 2024 for the PERA Benefit Structure:

Sample Age	MAPD PPO #1 with Medicare Part A for Retiree / Spouse		MAPD PPO #2 with Medicare Part A for Retiree / Spouse		MAPD HMO (Kaiser) with Medicare Part A for 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 for Retiree / Spouse		MAPD PPO #2 without Medicare Part A for Retiree / Spouse		MAPD HMO (Kaiser) without Medicare Part A for 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.

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

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and industry methods developed by health plan actuaries and administrators. In addition, projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services are referenced in the development of these rates. 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 reflect the estimated impact of the Inflation Reduction Act for that plan option.

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

FREMONT COUNTY SCHOOL DISTRICT RE-2
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

NOTE 7: Postemployment Healthcare Benefits (Continued)

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

Measurement Year	PERACare Medicare Plans *	PERACare Medicare Plans *	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%

*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 determination of the total pension liability, reflect generational mortality and were applied, as applicable, in the December 31, 2023, valuation for the HCTF, but developed using a headcount-weighted basis. SDTF participates in the HCTF (Note 7). All categories of the mortality tables are generationally projected using scale MP-2019. Mortality assumptions used were as follows:

- The pre-retirement mortality assumptions for the SDTF were based upon the PubT-2010 Employee Table.
- Post-retirement non-disabled mortality assumptions for the SDTF were based upon the PubT-2010 Healthy Retiree Table, adjusted as follows: 1) males: 112% of the rates prior to age 80 and 94% of the rates for ages 80 and older, and 2) females: 83% of the rates prior to age 80 and 106% of the rates for ages 80 and older.
- Disabled mortality assumptions were based upon the PubNS-2010 Disabled Retiree Table using 99% of the rates for all ages.

The health care costs assumptions were updated and used in the roll-forward calculation for the HCTF. Per capita health care costs as of the December 31, 2023, valuation date for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits were updated to reflect the costs for the 2024 plan year. The healthcare cost trend rates applicable to health care premiums were revised to reflect the then-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 rate based on an experience analysis of recent data.

FREMONT COUNTY SCHOOL DISTRICT RE-2
NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2025

NOTE 7: Postemployment Healthcare Benefits (Continued)

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

The actuarial assumptions used in the December 31, 2023, valuations were based on the results of the 2020 experience analysis, dated October 28, 2020, and November 4, 2020, for the period January 1, 2016, through December 31, 2019, and were reviewed and adopted by the PERA Board of Directors at their November 20, 2020, meeting.

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 of Directors 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. The following health care costs assumptions were used in the roll-forward calculation for the HCTF.

- Salary increases, including wage inflation for the SDTF were 4% - 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.
- 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. All categories in 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 SDTF participate in the HCTF (Note 7).

- The pre-retirement mortality assumptions for the SDTF were based upon the PubT-2010 Employee Table.
- Post-retirement non-disabled mortality assumptions for the SDTF were based upon the PubT-2010 Healthy Retiree Table, adjusted as follows: 1) males: 106% of the rates for all ages, and 2) females: 86% of the rates prior to age 85 and 115% of the rates for ages 85 and older.
- Disabled mortality assumptions were based upon the PubNS-2010 Disabled Retiree Table using 95% of the rate 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 of Director’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.

FREMONT COUNTY SCHOOL DISTRICT RE-2

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2025

NOTE 7: Postemployment Healthcare Benefits (Continued)

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

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

The PERA Board first adopted the 7.25% long-term expected rate of return as of November 18, 2016. Following an asset/liability study, the Board reaffirmed the assumed rate of return at the PERA Board of Director’s meetings on November 15, 2019, and the September 20, 2024.

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

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
Global Equity	51.00%	5.00%
Fixed Income	23.00%	2.60%
Private Equity	10.00%	7.60%
Real Estate	10.00%	4.10%
Alternatives	6.00%	5.20%
Total	100.00%	

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

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

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 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%.
- 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.

FREMONT COUNTY SCHOOL DISTRICT RE-2

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2025

NOTE 7: Postemployment Healthcare Benefits (Continued)

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

- 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 December 31, 2024, measurement date, the fiduciary net position, and related disclosure components for the HCTF reflect payments related to disaffiliation of Tri-County Health Department as a PERA-affiliated employer, effective December 31, 2022. The employer disaffiliation payment and receivable 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 HCTF’s fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25% on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25%. There was no change in the discount rate from the prior measurement date.

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

	<u>1% Decrease</u>	<u>Current Trend</u>	<u>1% Increase</u>
	<u>in Trend Rates</u>	<u>Rates (7.25%)</u>	<u>in Trend Rates</u>
Initial PERACare Medicare trend rate**	5.75%	6.75%	7.75%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial MAPD PPO#2 trend rate**	7.55%	8.55%	9.55%
Ultimate MAPD PPO#2 trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate**	2.75%	3.75%	4.75%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability	<u>\$ 408,728</u>	<u>\$ 420,045</u>	<u>\$ 432,853</u>

** For the January 1, 2025, plan year.

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

	<u>1% Decrease</u>	<u>Current Discount</u>	<u>1% Increase</u>
	<u>(6.25%)</u>	<u>Rate (7.25%)</u>	<u>(8.25%)</u>
Proportionate share of the net OPEB liability	<u>\$ 514,772</u>	<u>\$ 420,045</u>	<u>\$ 338,379</u>

FREMONT COUNTY SCHOOL DISTRICT RE-2
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

NOTE 7: Postemployment Healthcare Benefits (Continued)

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

OPEB Plan Fiduciary Net Position - Detailed information about the HCTF's fiduciary net position is available in PERA's separately issued annual comprehensive financial report, which may be obtained at <https://www.copera.org/forms-resources/financial-reports-and-studies>.

NOTE 8: Risk Management

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

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

NOTE 9: Commitments and Contingencies

Claims and Judgments

The District participates in a number of federal, state, and local programs that are fully or partially funded by grants received from other governmental entities. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the District may be required to reimburse the grantor government. At June 30, 2025, significant amounts of grant expenditures have not been audited but management believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the District.

Tabor Amendment

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

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

The Amendment requires the District to establish a reserve for emergencies, representing 3% of qualifying expenditures. At June 30, 2025, the District's emergency reserve was reported as restricted fund balance in the General Fund, in the amount of \$545,000.

FREMONT COUNTY SCHOOL DISTRICT RE-2
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

NOTE 9: Commitments and Contingencies (Continued)

Litigation

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

NOTE 10: Change in Reporting Entity

At June 30, 2025, the District evaluated the criteria for major fund classification and determined the Grants Fund and Debt Service Fund no longer met the thresholds to be presented as nonmajor governmental funds. As a result, the District reclassified both funds from a nonmajor fund to a major fund. This change is considered a change in the reporting entity and applied retrospectively as required by GASB Statement No. 100. The reclassification had no effect on total fund balances or net position.

NOTE 11: Restatement - Correction of Errors

At June 30, 2025, the District identified and corrected an error impacting the beginning net position and fund balance in the governmental activities and General Fund as of June 30, 2024. The prior year corrections related to the proper recognition of revenue in accordance with GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*. The summary of the corrections of the error as of June 30, 2024, are reported as follows:

	General Fund	Total Governmental Funds	Governmental Activities
Net Position/Fund Balance, Beginning, as Originally Stated	\$ 12,197,880	\$ 23,582,427	\$ 10,469,651
Unearned Revenue / Grant Revenue	370,237	370,237	370,237
Net Position/Fund Balance, Beginning, as Restated	\$ 12,568,117	\$ 23,952,664	\$ 10,839,888

REQUIRED SUPPLEMENTARY INFORMATION

FREMONT COUNTY SCHOOL DISTRICT RE-2
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
Year Ended June 30, 2025

	BUDGET		ACTUAL	VARIANCE
	ORIGINAL	FINAL		Positive (Negative)
REVENUES				
Local Sources				
Property Taxes	\$ 5,533,061	\$ 5,533,061	\$ 4,068,573	\$ (1,464,488)
Specific Ownership Taxes	-	-	683,463	683,463
Investment Income	-	-	596,208	596,208
Miscellaneous	-	-	496,527	496,527
County Sources	7,000	7,000	29,976	22,976
State Grants	11,012,155	11,012,155	11,384,788	372,633
Federal Grants	991,867	991,867	475,664	(516,203)
TOTAL REVENUES	17,544,083	17,544,083	17,735,199	191,116
EXPENDITURES				
Current				
Instruction	11,800,165	11,800,165	10,373,634	1,426,531
Supporting Services				
Students	1,322,048	1,322,048	799,469	522,579
Instructional Staff	166,821	166,821	67,160	99,661
General Administration	1,005,931	1,005,931	839,226	166,705
School Administration	1,058,323	1,058,323	984,429	73,894
Business Services	325,802	325,802	268,210	57,592
Operations and Maintenance	3,316,512	3,316,512	2,479,489	837,023
Student Transportation	1,001,802	1,001,802	754,182	247,620
Central Support	372,300	372,300	288,304	83,996
Other Support	86,933	86,933	440	86,493
Facilities	15,000	15,000	-	15,000
Total Supporting Services	8,671,472	8,671,472	6,480,909	2,190,563
Capital Outlay	1,080,167	1,080,167	1,057,162	23,005
Debt Service				
Principal	205,745	205,745	158,296	47,449
Interest	-	-	47,449	(47,449)
Total Debt Service	205,745	205,745	205,745	-
TOTAL EXPENDITURES	21,757,549	21,757,549	18,117,450	3,640,099

FREMONT COUNTY SCHOOL DISTRICT RE-2
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
Year Ended June 30, 2025

	BUDGET		ACTUAL	VARIANCE
	ORIGINAL	FINAL		Positive (Negative)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(4,213,466)	(4,213,466)	(382,251)	3,831,215
OTHER FINANCING SOURCES (USES)				
Transfers Out	(130,000)	(130,000)	(33,634)	96,366
CHANGE IN FUND BALANCE	(4,343,466)	(4,343,466)	(415,885)	3,927,581
FUND BALANCE, Beginning, as Originally Stated	10,977,665	10,977,665	12,197,880	1,220,215
Restatement - Correction of Error	-	-	370,237	370,237
FUND BALANCE, Beginning, as Restated	10,977,665	10,977,665	12,568,117	1,590,452
FUND BALANCE, Ending	\$ 6,634,199	\$ 6,634,199	\$ 12,152,232	\$ 5,518,033

FREMONT COUNTY SCHOOL DISTRICT RE-2
BUDGETARY COMPARISON SCHEDULE
GRANTS FUND
Year Ended June 30, 2025

	BUDGET		ACTUAL	VARIANCE
	ORIGINAL	FINAL		Positive (Negative)
REVENUES				
Local Grants	\$ 8,951	\$ 8,951	\$ -	\$ (8,951)
State Grants	68,911	68,911	342,098	273,187
Federal Grants	-	-	938,045	938,045
TOTAL REVENUES	77,862	77,862	1,280,143	1,202,281
EXPENDITURES				
Current				
Instruction	527,378	527,378	489,364	38,014
Supporting Services	711,005	711,005	824,413	(113,408)
TOTAL EXPENDITURES	1,238,383	1,238,383	1,313,777	(75,394)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,160,521)	(1,160,521)	(33,634)	1,126,887
OTHER FINANCING SOURCES				
Transfers In	-	-	33,634	33,634
CHANGE IN FUND BALANCE	(1,160,521)	(1,160,521)	-	1,160,521
FUND BALANCE, Beginning	-	-	-	-
FUND BALANCE, Ending	<u>\$ (1,160,521)</u>	<u>\$ (1,160,521)</u>	<u>\$ -</u>	<u>\$ 1,160,521</u>

FREMONT COUNTY SCHOOL DISTRICT RE-2
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AND CONTRIBUTIONS
PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION OF COLORADO SCHOOL DIVISION TRUST FUND
June 30, 2025

MEASUREMENT YEAR	<u>12/31/24</u>	<u>12/31/23</u>	<u>12/31/22</u>	<u>12/31/21</u>
PROPORTIONATE SHARE OF THE NET PENSION LIABILITY				
District's Proportion of the Net Pension Liability	0.1372021363%	0.1418693098%	0.1041732906%	0.1202962388%
District's Proportionate Share of the Net Pension Liability	\$ 23,674,090	\$ 25,087,349	13,999,314	\$ 21,221,240
State's Proportionate Share of the Net Pension Liability Associated with the District	<u>2,126,309</u>	<u>550,091</u>	<u>1,604,843</u>	<u>-</u>
Total Proportionate Share of the Net Pension Liability	<u>25,800,399</u>	<u>25,637,440</u>	<u>15,604,157</u>	<u>\$ 21,221,240</u>
District's Covered Payroll	\$ 10,602,243	\$ 9,378,843	\$ 7,521,635	\$ 7,350,974
District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	223%	267%	186%	289%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	67%	65%	74.86%	66.99%
FISCAL YEAR	<u>6/30/25</u>	<u>6/30/24</u>	<u>6/30/23</u>	<u>6/30/22</u>
DISTRICT CONTRIBUTIONS				
Statutorily Required Contribution	\$ 2,236,667	\$ 2,048,250	1,782,157	\$ 1,495,301
Contributions in Relation to the Statutorily Required Contribution	<u>(2,236,667)</u>	<u>(2,048,250)</u>	<u>(1,782,157)</u>	<u>(1,495,301)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
District's Covered Payroll	\$ 10,974,804	\$ 10,050,294	8,744,639	\$ 7,521,635
Contributions as a Percentage of Covered Payroll	20.38%	20.38%	20.38%	19.88%

<u>12/31/20</u>	<u>12/31/19</u>	<u>12/31/18</u>	<u>12/31/17</u>	<u>12/31/16</u>	<u>12/31/15</u>
0.1403708430%	0.1346447388%	0.1346748349%	0.1524251592%	0.1535089174%	0.1589005833%
\$ 20,115,632	\$ 23,846,946	\$ 49,288,879	\$ 45,705,541	\$ 24,302,722	\$ 21,569,787
<u>2,551,408</u>	<u>3,260,746</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 22,667,040</u>	<u>\$ 27,107,692</u>	<u>\$ 49,288,879</u>	<u>\$ 45,705,541</u>	<u>\$ 24,302,722</u>	<u>\$ 21,569,787</u>
\$ 7,795,810	\$ 7,729,433	\$ 7,189,244	\$ 6,869,591	\$ 6,917,132	\$ 6,834,583
258%	309%	686%	665%	351%	316%
64.52%	57.01%	43.96%	43.10%	59.20%	62.80%
<u>06/30/21</u>	<u>06/30/20</u>	<u>06/30/19</u>	<u>06/30/18</u>	<u>06/30/17</u>	<u>06/30/16</u>
\$ 1,461,374	\$ 1,510,828	\$ 1,478,641	\$ 1,357,581	\$ 1,262,803	\$ 1,226,519
<u>(1,461,374)</u>	<u>(1,510,828)</u>	<u>(1,478,641)</u>	<u>(1,357,581)</u>	<u>(1,262,803)</u>	<u>(1,226,519)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 7,350,974	\$ 7,795,810	\$ 7,729,433	\$ 7,189,244	\$ 6,869,591	\$ 6,917,133
19.88%	19.38%	19.13%	18.88%	18.38%	17.73%

FREMONT COUNTY SCHOOL DISTRICT RE-2
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY AND CONTRIBUTIONS
PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION OF COLORADO HEALTH CARE TRUST FUND
June 30, 2025

MEASUREMENT YEAR	<u>12/31/24</u>	<u>12/31/23</u>	<u>12/31/22</u>	<u>12/31/21</u>
PROPORTIONATE SHARE OF THE NET OPEB LIABILITY				
District's Proportion of the Net OPEB Liability	0.0878449084%	0.0848727426%	0.0791409694%	0.0785441355%
District's Proportionate Share of the Net OPEB Liability	\$ 420,045	\$ 605,759	\$ 677,290	\$ 770,906
District's Covered Payroll	\$ 10,602,243	\$ 9,378,843	\$ 7,521,635	\$ 7,350,974
District's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	4%	6%	9%	10%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	60%	46%	39%	33%
FISCAL YEAR	<u>6/30/25</u>	<u>6/30/24</u>	<u>6/30/23</u>	<u>6/30/22</u>
DISTRICT CONTRIBUTIONS				
Statutorily Required Contribution	\$ 111,943	\$ 102,513	\$ 89,195	\$ 76,721
Contributions in Relation to the Statutorily Required Contribution	<u>(111,943)</u>	<u>(102,513)</u>	<u>(89,195)</u>	<u>(76,721)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 10,974,804	\$ 10,050,294	\$ 8,744,639	\$ 7,521,635
Contributions as a Percentage of Covered Payroll	1.02%	1.02%	1.02%	1.02%

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

<u>12/31/20</u>	<u>12/31/19</u>	<u>12/31/18</u>	<u>12/31/17</u>
0.0811288224%	0.0880057084%	0.0875379992%	0.0866074029%
\$ 989,182	\$ 1,190,991	\$ 1,125,550	\$ 1,131,308
\$ 7,795,810	\$ 7,729,433	\$ 7,189,244	\$ 6,869,591
13%	15%	16%	16%
24%	17%	18%	17%
<u>6/30/21</u>	<u>6/30/20</u>	<u>6/30/19</u>	<u>6/30/18</u>
\$ 74,980	\$ 79,517	\$ 78,840	\$ 73,330
<u>(74,980)</u>	<u>(79,517)</u>	<u>(78,840)</u>	<u>(73,330)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 7,350,974	\$ 7,795,810	\$ 7,729,433	\$ 7,189,244
1.02%	1.02%	1.02%	1.02%

FREMONT COUNTY SCHOOL DISTRICT RE-2
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2025

NOTE 1: Stewardship, Compliance, and Accountability

Budgetary Information

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

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

Budget Compliance and Accountability

At June 30, 2025, the District's Grants Fund and Building Fund actual expenditures exceeded budgeted appropriations by \$75,394 and 139,910, respectively. In addition, the Grants Fund budgeted expenditures exceeded the available resources in the amount of \$1,160,521. These may be violations of state statutes.

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

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

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

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

FREMONT COUNTY SCHOOL DISTRICT RE-2
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2025

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

As of the December 31, 2024, measurement date, the fiduciary net position, 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.

For RSI disclosures reported in previous years, refer to the PERA's annual comprehensive financial report (ACFR) notes to the required supplementary information at the following link: <https://www.copera.org/forms-resources/financial-reports-and-studies>.

NOTE 3: Changes in Assumptions and Other Inputs

STDF Plan – 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%.

SB 25-310 was enacted on June 2, 2025, and effective immediately, allows PERA to accept a series of warrants from the State Treasurer totaling \$500 million on or after July 1, 2025, and before October 1, 2025. These dollars will be proportioned over time to replace reductions to the 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.

HCTF Plan – 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.

For RSI disclosures reported in previous years to the PERA's annual comprehensive financial report (ACFR) notes to the required supplementary information may be obtained as follows: <https://www.copera.org/forms-resources/financial-reports-and-studies>.

**COMBINING AND INDIVIDUAL NONMAJOR FUND STATEMENTS
AND BUDGETARY COMPARISON SCHEDULES**

FREMONT COUNTY SCHOOL DISTRICT RE-2
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2025

	<u>DEBT SERVICE</u>	<u>FOOD SERVICE</u>	<u>PUPIL ACTIVITY</u>	<u>TOTAL</u>
ASSETS				
Cash and Investments	\$ -	\$ 825,461	\$ 308,648	\$ 1,134,109
Accounts Receivable	-	5,652	-	5,652
Grants Receivable	-	92,072	-	92,072
Inventories	-	24,299	-	24,299
Interfund Receivables	-	1,247	-	1,247
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL ASSETS	\$ -	\$ 948,731	\$ 308,648	\$ 1,257,379
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ -	\$ 2,165	\$ -	\$ 2,165
Accrued Salaries and Benefits	-	62,772	-	62,772
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES	-	64,937	-	64,937
	<hr/>	<hr/>	<hr/>	<hr/>
FUND BALANCES				
Restricted for Food Service	-	883,794	-	883,794
Assigned to Pupil Activities	-	-	308,648	308,648
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL FUND BALANCES	-	883,794	308,648	1,192,442
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES AND FUND BALANCES	\$ -	\$ 948,731	\$ 308,648	\$ 1,257,379
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

FREMONT COUNTY SCHOOL DISTRICT RE-2
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
Year Ended June 30, 2025

	<u>DEBT SERVICE</u>	<u>FOOD SERVICE</u>	<u>PUPIL ACTIVITY</u>	<u>TOTAL</u>
REVENUES				
Local Sources	\$ -	\$ 139,398	\$ 440,287	\$ 579,685
State Sources	-	115,092	-	115,092
Federal Sources	-	1,024,510	-	1,024,510
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL REVENUES	-	1,279,000	440,287	1,719,287
EXPENDITURES				
Current				
Instruction	-	-	407,775	407,775
Supporting Services	-	-	9,556	9,556
Food Services	-	1,196,168	-	1,196,168
Capital Outlay	-	13,269	-	13,269
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL EXPENDITURES	-	1,209,437	417,331	1,626,768
CHANGES IN FUND BALANCES				
		69,563	22,956	92,519
FUND BALANCES, Beginning,				
as Originally Stated	2,274,413	814,231	285,692	3,374,336
Reclassification from Nonmajor to Major	<u>(2,274,413)</u>	<u>-</u>	<u>-</u>	<u>(2,274,413)</u>
FUND BALANCES, Beginning,				
as Reclassified	<hr/>	<hr/>	<hr/>	<hr/>
	-	814,231	285,692	1,099,923
FUND BALANCES, Ending				
	<hr/>	<hr/>	<hr/>	<hr/>
	\$ -	\$ 883,794	\$ 308,648	\$ 1,192,442

FREMONT COUNTY SCHOOL DISTRICT RE-2
BUDGETARY COMPARISON SCHEDULE
FOOD SERVICE FUND
Year Ended June 30, 2025

	BUDGET		ACTUAL	VARIANCE
	ORIGINAL	FINAL		Positive (Negative)
REVENUES				
Local Sources				
Fees	\$ -	\$ -	\$ 99,361	\$ 99,361
Investment Income	-	-	28,307	28,307
Miscellaneous	126,250	126,250	11,730	(114,520)
State Grants	269,600	269,600	115,092	(154,508)
Federal Grants	787,200	787,200	1,024,510	237,310
TOTAL REVENUES	<u>1,183,050</u>	<u>1,183,050</u>	<u>1,279,000</u>	<u>95,950</u>
EXPENDITURES				
Current				
Salaries	340,221	340,221	359,658	(19,437)
Benefits	155,723	155,723	139,194	16,529
Purchased Services	82,500	82,500	21,595	60,905
Supplies and Materials	1,052,550	1,052,550	675,721	376,829
Capital Outlay	191,000	191,000	13,269	177,731
TOTAL EXPENDITURES	<u>1,821,994</u>	<u>1,821,994</u>	<u>1,209,437</u>	<u>612,557</u>
CHANGE IN FUND BALANCE	(638,944)	(638,944)	69,563	708,507
FUND BALANCE, Beginning	<u>802,211</u>	<u>802,211</u>	<u>814,231</u>	<u>12,020</u>
FUND BALANCE, Ending	<u>\$ 163,267</u>	<u>\$ 163,267</u>	<u>\$ 883,794</u>	<u>\$ 720,527</u>

FREMONT COUNTY SCHOOL DISTRICT RE-2
BUDGETARY COMPARISON SCHEDULE
PUPIL ACTIVITY FUND
Year Ended June 30, 2025

	BUDGET		ACTUAL	VARIANCE
	ORIGINAL	FINAL		Positive (Negative)
REVENUES				
Local Sources				
Contributions	\$ 405,000	\$ 405,000	\$ 440,287	\$ 35,287
EXPENDITURES				
Current				
Instruction	720,000	720,000	407,775	312,225
Supporting Services	-	-	9,556	(9,556)
TOTAL EXPENDITURES	720,000	720,000	417,331	302,669
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(315,000)	(315,000)	22,956	337,956
OTHER FINANCING SOURCES (USES)				
Transfers In	130,000	130,000	-	(130,000)
CHANGE IN FUND BALANCE	(185,000)	(185,000)	22,956	(397,382)
FUND BALANCE, Beginning	272,207	272,207	285,692	13,485
FUND BALANCE, Ending	\$ 87,207	\$ 87,207	\$ 308,648	\$ 221,441

FREMONT COUNTY SCHOOL DISTRICT RE-2
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
Year Ended June 30, 2025

	BUDGET		ACTUAL	VARIANCE
	ORIGINAL	FINAL		Positive (Negative)
REVENUES				
Local Sources				
Property Taxes	\$ 1,988,936	\$ 1,988,936	\$ 1,943,796	\$ (45,140)
Investment Income	-	-	97,858	97,858
Miscellaneous	-	-	-	-
TOTAL REVENUES	1,988,936	1,988,936	2,041,654	52,718
EXPENDITURES				
Debt Service				
Principal	550,000	550,000	550,000	-
Interest	1,234,075	1,234,075	1,235,699	(1,624)
Fees and Charges	14,000	14,000	5,868	8,132
TOTAL EXPENDITURES	1,798,075	1,798,075	1,791,567	6,508
CHANGE IN FUND BALANCE	190,861	190,861	250,087	59,226
FUND BALANCE, Beginning	2,294,153	2,294,153	2,274,413	(19,740)
FUND BALANCE, Ending	\$ 2,485,014	\$ 2,485,014	\$ 2,524,500	\$ 39,486

FREMONT COUNTY SCHOOL DISTRICT RE-2
BUDGETARY COMPARISON SCHEDULE
BUILDING FUND
Year Ended June 30, 2025

	BUDGET		ACTUAL	VARIANCE
	ORIGINAL	FINAL		Positive (Negative)
REVENUES				
Local Sources				
Investment Income	\$ 50,000	\$ 50,000	\$ 187,537	\$ 137,537
EXPENDITURES				
Current				
Supporting Services				
Salaries	-	-	59,474	(59,474)
Benefits	-	-	13,099	(13,099)
Purchased Services	-	-	42,530	(42,530)
Capital Outlay	8,038,930	8,038,930	8,063,737	(24,807)
TOTAL EXPENDITURES	8,038,930	8,038,930	8,178,840	(139,910)
CHANGE IN FUND BALANCE	(7,988,930)	(7,988,930)	(7,991,303)	(2,373)
FUND BALANCE, Beginning	7,988,930	7,988,930	8,010,211	21,281
FUND BALANCE, Ending	\$ -	\$ -	\$ 18,908	\$ 18,908

COMPLIANCE SECTION

SINGLE AUDIT

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Fremont County School District RE-2 (the District) as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the basic financial statements of the District and have issued our report thereon dated March 20, 2026.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2025-001 that we consider to be material weaknesses.

Report on Compliance and Other Matters

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

District's Response to Findings

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

Purpose of this Report

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

DMC Auditing and Consulting, LLC

March 20, 2026
Bailey, Colorado

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

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Fremont County School District RE-2's (the District) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2025. the District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the 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 (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2025-002. Our opinion on each major federal program is not modified with respect to these matters.

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

Report on Internal Control over Compliance

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

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

A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2025-001 to be material weaknesses.

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

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

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

DMC Auditing and Consulting, LLC

March 20, 2026
Bailey, Colorado

FREMONT COUNTY SCHOOL DISTRICT RE-2
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2025

Federal Grantor/Pass-Through Grantor/Program Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Expenditures	Passed Through To Subrecipients
U.S. DEPARTMENT OF EDUCATION				
Passed Through Colorado Department of Education				
Title I	84.010	4010	\$ 363,479	\$ -
Supporting Effective Instruction	84.367	4367	59,245	-
Student Support and Academic Enrichment Program	84.424	4424	20,971	-
Education Stabilization Fund (COVID-19)				
Elementary and Secondary School Emergency Relief (ESSER)	84.425U	4414 / 4429 / 7130	475,738	150,126
Passed Through Colorado Community Colleges System				
Career and Technical Education	84.048	5048	24,493	-
TOTAL U.S. DEPARTMENT OF EDUCATION			<u>943,926</u>	<u>150,126</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed Through Colorado Department of Education				
Public Health Emergency Response: Cooperative Agreement for Emergency Response	93.354	7354	6,000	-
U.S. DEPARTMENT OF AGRICULTURE				
Passed Through Colorado Department of Education				
<i>Child Nutrition Cluster</i>				
School Breakfast Program (SBP)	10.553	4553	239,879	-
National School Lunch Program (NSLP)	10.555	4555	706,297	-
Passed Through Colorado Department of Health and Human Services				
National School Lunch Program (Donated Commodities)	10.555	4555	78,334	-
<i>Child Nutrition Cluster Subtotal</i>			<u>1,024,510</u>	<u>-</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE			<u>1,024,510</u>	<u>-</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 1,974,436</u>	<u>\$ 150,126</u>

FREMONT COUNTY SCHOOL DISTRICT RE-2
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2025

NOTE 1: Basis of Presentation

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

NOTE 2: Summary of Significant Accounting Policies

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

NOTE 3: Indirect Cost Rate

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

FREMONT COUNTY SCHOOL DISTRICT RE-2
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 Year Ended June 30, 2025

SECTION I: SUMMARY OF AUDITOR'S RESULTS

Financial Statements

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

Internal control over financial reporting:

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

Noncompliance material to the financial statements noted?

- Yes No

Federal Awards

Internal control over major federal programs:

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

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

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

- Yes No

Identification of major federal programs:

<u>Federal Assistance Listing Number(s)</u>	<u>Name of Federal Cluster/Program</u>
10.553, 10.555	Child Nutrition Cluster

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

Auditee qualified as low-risk auditee?

- Yes No

FREMONT COUNTY SCHOOL DISTRICT RE-2
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2025

SECTION II: FINANCIAL STATEMENT FINDINGS

2025-001: Material Audit Adjusting Journal Entries in the Financial Statements and Lack of Internal Controls

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

Condition: We have identified a material errors in the financial statements for the fiscal year ended June 30, 2025, related to various year-end adjustments to grants and property taxes. Material audit adjustments were made to certain grants, property taxes, and year-end accruals to comply with the required GAAP-basis accounting.

We also identified material unreconciled balances in the bank statement reconciliations that required additional procedures and additional time to audit.

Cause: The District did not have proper internal controls related to the bank reconciliations, year-end closing procedures, including property tax accruals, grant accruals, and reclassifications were not implemented. Timely reconciliations and review of the accounting records did not occur prior to the start of the audit.

Effect: The District's financial statements were materially misstated and required material audit adjustments. In addition, this caused delays in the audit process.

Repeat Finding: Yes. Prior year audit findings 2024-001.

Recommendation: We recommend that the District reconcile all bank accounts monthly, reconcile all grants monthly, and record year-end accrual closing journal entries prior to the start of the annual audit. The year-end accruals include property taxes, grants, and accounts payable on a GAAP basis to comply with state requirements.

Corrective Action Plan: Reported on page 64.

FREMONT COUNTY SCHOOL DISTRICT RE-2
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2025

SECTION III: FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

2025-002: Material Weakness in Internal Controls over Compliance with Suspension and Debarment

Federal Assistance Listing Number: 10.553 and 10.555

Federal Award Year: 2025

Program Title: Child Nutrition Cluster

Name of Federal Agency: U.S. Department of Agriculture

Name of Pass-Through Entity: Colorado Department of Education

COVID-19 Program: No

Criteria: 2 CFR §200.303 requires that the grant recipient must establish, document, and maintain effective internal control over the Federal award that provides reasonable assurance that the recipient is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These controls should align with the guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control-Integrated Framework” issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Condition: Based on our sample selection of four vendors for testing, we have identified that two of the four vendors tested did not have adequate verification of suspension and debarment. Upon further testing and discussion, the District does not have internal controls in place to verify suspension and debarment on vendors that are paid greater than or equal to \$25,000, as required by 2 CFR 200 for various federal awards. Upon further compliance testing, vendors in our testing were in compliance with the requirement.

Questioned Costs: No questioned costs have been identified.

Cause: The District’s internal controls over suspension and debarment requirement were not properly designed or implemented.

Effect: Without internal controls over compliance, the District may not be able to identify noncompliance with a suspended or debarred vendors in a timely manner and may incur potential questioned costs without knowledge of the noncompliance.

Repeat Finding: No.

Recommendation: We recommend that the District implement internal controls over the suspension and debarment requirement and add this requirement to the procurement process at the District. In addition, we recommend that the District periodically review federal expenditure reports to identify vendors that may have been paid with federal grants in excess of the \$25,000 suspension and debarment threshold to prevent potential noncompliance.

Corrective Action Plan: Reported on page 64.



Fremont RE-2 School District

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719-784-6312 Fax: 719-784-4140

FY25 Audit finding correction action:

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

Responsible Official: Mandee Campbell, Director of Business Services

Anticipated Completion Date: September 30, 2026

The District will implement internal controls over the suspension and debarment requirement and add this requirement to the procurement process at the District. In addition, we recommend that the District periodically review federal expenditure reports to identify vendors that may have been paid with federal grants in excess of the \$25,000 suspension and debarment threshold to prevent potential noncompliance. All district employees who are approved to obtain bids for purchases have already been informed and trained on the expectation on obtaining proof of suspension and debarment requirements from any vendor they receive bids from or plan on making purchases from that will exceed the \$25,000 threshold.

Responsible Official: Mandee Campbell, Director of Business Services

Anticipated Completion Date: April 1, 2026

FREMONT COUNTY SCHOOL DISTRICT RE-2
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
Year Ended June 30, 2025

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

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

Status: The prior audit finding was repeated in 2025 as audit finding 2025-001.

STATE COMPLIANCE



Colorado Department of Education
Auditors Integrity Report
 District: 1150 - Fremont RE-2
 Fiscal Year 2024-25
 Colorado School District/BOCES

Revenues, Expenditures, & Fund Balance by Fund

Fund Type & Number	Beg Fund Balance & Prior Per Adj (6880*)	+	1000 - 5999 Total Revenues & Other Sources	0001-0999 Total Expenditures & Other Uses	=	6700-6799 & Prior Per Adj (6880*) Ending Fund Balance
Governmental						
10 General Fund	12,226,057		16,935,571	17,350,460		11,811,168
18 Risk Mgmt Sub-Fund of General Fund	0		0	0		0
19 Colorado Preschool Program Fund	342,060		765,994	766,991		341,062
Sub-Total	12,568,117		17,701,565	18,117,451		12,152,230
11 Charter School Fund	0		0	0		0
20.26-29 Special Revenue Fund	0		0	0		0
06 Supplemental Cap Const, Tech, Main, Fund	0		0	0		0
07 Total Program Reserve Fund	0		0	0		0
21 Food Service Spec Revenue Fund	814,231		1,279,002	1,209,437		883,796
22 Govt Designated-Purpose Grants Fund	0		1,313,777	1,313,777		0
23 Pupil Activity Special Revenue Fund	285,692		440,287	417,330		308,648
25 Transportation Fund	0		0	0		0
31 Bond Redemption Fund	2,274,413		2,041,654	1,791,567		2,524,500
39 Certificate of Participation (COP) Debt Service Fund	0		0	0		0
41 Building Fund	8,010,211		187,537	8,178,840		18,908
42 Special Building Fund	0		0	0		0
43 Capital Reserve Capital Projects Fund	0		0	0		0
46 Supplemental Cap Const, Tech, Main Fund	0		0	0		0
Totals	23,952,665		22,963,820	31,028,402		15,888,083
Proprietary						
50 Other Enterprise Funds	0		0	0		0
64 (63) Risk-Related Activity Fund	0		0	0		0
60.65-69 Other Internal Service Funds	0		0	0		0
Totals	0		0	0		0
Fiduciary						
70 Other Trust and Agency Funds	0		0	0		0
72 Private Purpose Trust Fund	1,647,306		125,861	141,929		1,631,238
73 Agency Fund	0		0	0		0
74 Pupil Activity Agency Fund	0		0	0		0
79 GASB 34/Permanent Fund	0		0	0		0
85 Foundations	0		0	0		0
Totals	1,647,306		125,861	141,929		1,631,238
			FINAL			