SCHOOL DISTRICT FREMONT RE-1

FINANCIAL STATEMENTS
With Independent Auditors' Report

Year Ended June 30, 2023

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Hoelting & Company, Inc.
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Education
School District Fremont RE-1

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the School District Fremont RE-1, as of and for the year ended June 30, 2023 and the related notes to the financial statements, which collectively comprise the School District Fremont RE-1's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the School District Fremont RE-1, as of June 30, 2023 and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the School District Fremont RE-1 and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School District Fremont RE-1's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the School District Fremont RE-1's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District Fremont RE-1's basic financial statements. The accompanying combining and individual nonmajor fund financial statements and schedules and the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2023 on our consideration of the School District Fremont RE-1's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District Fremont RE-1's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering School District Fremont RE-1's internal control over financial reporting and compliance.

Hoelting & Company Inc.

Colorado Springs, Colorado
December 7, 2023

Cañon City Schools
Management's Discussion & Analysis
For the Fiscal Year Ended June 30, 2023

As management of the School District Fremont RE-1 (District), doing business as Cañon City Schools, we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2023. We encourage readers to consider the information presented here in conjunction with additional information furnished in the independent auditor's report and financial statements, which immediately follow this section.

Financial Highlights

Key financial highlights for fiscal year 2023 are as follows:

- The District's government-wide net position increased by $4.3 million to $33.7 million for the year ended June 30, 2023, primarily as a result of a healthier beginning net position than in prior year due to the COVID 19 pandemic as well as the non-employer contribution from the State that reduced PERA's unfunded liability and the District's proportionate share.

- Governmental activities have an unrestricted net position of $ -36.9 million. This large figure is related to PERA's unfunded liability and the District's proportionate share.

- The District's primary government long-term liabilities increased by $19.7 million primarily as a result of the non-employer contribution from the State that reduced PERA's unfunded liability and the District's proportionate share. Additionally, the District entered into two separate capital leases totaling $8.6 million.

- The District adopted and implemented the provisions of GASB 75 accounting for Other Post-Employment Benefits (OPEB). The District reported a liability of $1.8 million for its proportionate share of the net OPEB liability.

- The District's General fund balance, which includes the General fund 10, Risk Management fund 18 and the Colorado Preschool fund 19, increased by $1.3 million to $9.1 million. This is primarily due to decreased expenses related to operations as a result of the COVID Pandemic, the District's ability to shift some expenses to federal stimulus activities, and specific ownership tax collections continuing to be somewhat higher than projected, driven by a strong local economy and by a greater share received by the District as a result of November 2017 election results.

Overview of the Financial Statements

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

- The first two statements are District-wide financial statements that provide both short-term and long-term information about the District's overall financial status.

- The remaining statements are fund financial statements that focus on individual parts of the District, reporting the District's operations in more detail than the District-wide statements.

- The governmental funds statements tell how basic services such as instruction were financed in the short-term as well as what remains for future spending.

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

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

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

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

- Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.

- To assess the District's overall health, you need to consider additional nonfinancial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

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

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

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

Financial Analysis of the District as a Whole

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

The District's declining enrollment has negatively impacted its funding over the past few years. However, this can always be addressed by right-sizing commitments to staff. During the Great Recession the District suffered catastrophic reductions in funding due to the imposition of the Negative Factor, now known as Budget Stabilization Factor, as well as decreased enrollment driven by an increase in the number of parents choosing to home school and some students enrolling in full-time digital programs. In recent years, the state has been closing the gap on the Budget Stabilization Factor, with the District's total program increasing $1.5 million in fiscal year 2023.

The District's General Fund balance increased by $1.3 million resulting in an ending fund balance of $9.1 million at fiscal year 2023 end. This is primarily due to decreased expenses related to operations as a result of the COVID Pandemic, the District's ability to shift some expenses to federal stimulus activities, and specific ownership tax collections continuing to be somewhat higher than projected.

In fiscal year 2023, the District's General Fund (fund 10) fund balance was 26% of fiscal year 2023 expenditures. Industry standards call for a fund balance in the range of 8% to 15% in order to meet operating obligations, cash flow requirements and unforeseen events. For many years the District has striven to acquire a balance greater than 12% and this is the fourth straight year this has been accomplished. However, this increase to the fund balance is only due to the CARES and ESSER federal stimulus dollars received. These funds are being used to support instructional salaries. All ESSER funds will be fully expended in fiscal year 2024 and all salaries will be added back to the General fund.

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

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

The District's long-term liabilities increased by $19.7 million to $86.9 million. $8.3 million of the increase was attributed to the District entering into two leases, parking lot improvements and energy efficiency projects. $13.6 million was from the District's share of the PERA net pension liability. Long-term debt includes bond payments, compensated absences, energy projects, QZAB Bonds, and lease purchase agreements.

Table -1- provides a summary of the District's net position and **Table -3-** provides a summary for the District's changes in net position for 2023:

Statement of Net Position

	Governmental Activities	
	2021-22	2022-23
ASSETS	-	-
Current and other assets	$22,730,921	$29,672,593
Capital Assets	90,784,770	94,166,547
Total Assets	**$113,515,691**	**$123,839,140**
DEFERRED OUTFLOWS	**$11,404,258**	**$13,062,896**
LIABILITIES		
Long-term liabilities outstanding	$67,194,541	$86,945,297
Other liabilities	6,747,265	7,356,223
Total Liabilities	**$73,941,806**	**$94,301,520**
DEFERRED INFLOWS	**$21,631,281**	**$8,882,259**
NET POSITION		
Nonspendable		
Net investment in capital assets	$67,248,387	$64,685,773
Restricted	5,089,536	5,937,973
Unrestricted	(42,991,061)	(36,905,489)
Total net position	**$29,346,862**	**$33,718,257**

	Governmental Activities	
	2021-22	2022-23
REVENUES:		
Charges for services	$1,533,636	$2,314,257
Operating and capital grants and contributions	16,378,655	16,568,036
General revenues:		
Property & specific ownership taxes	14,596,084	15,469,693
State equalization	18,542,786	19,915,134
Other	596,184	768,447
Total revenues	**$51,647,345**	**$55,035,567**
EXPENSES:		
Instruction	$11,225,271	$25,344,090
Other support services	15,492,958	17,192,469
Community services	637,203	2,035,932
Food services	2,007,294	951,895
Facilities acquisition & construction	695,739	4,073,548
Interest on long-term debt	816,469	1,066,238
Other debt service		
Total expenses	**$30,874,934**	**$50,664,172**
NET POSITION:		
Increase (decrease) in net position	$20,772,411	$4,371,395
Net Position - beginning	8,574,451	29,346,862
Net position, ending	**$29,346,862**	**$33,718,257**

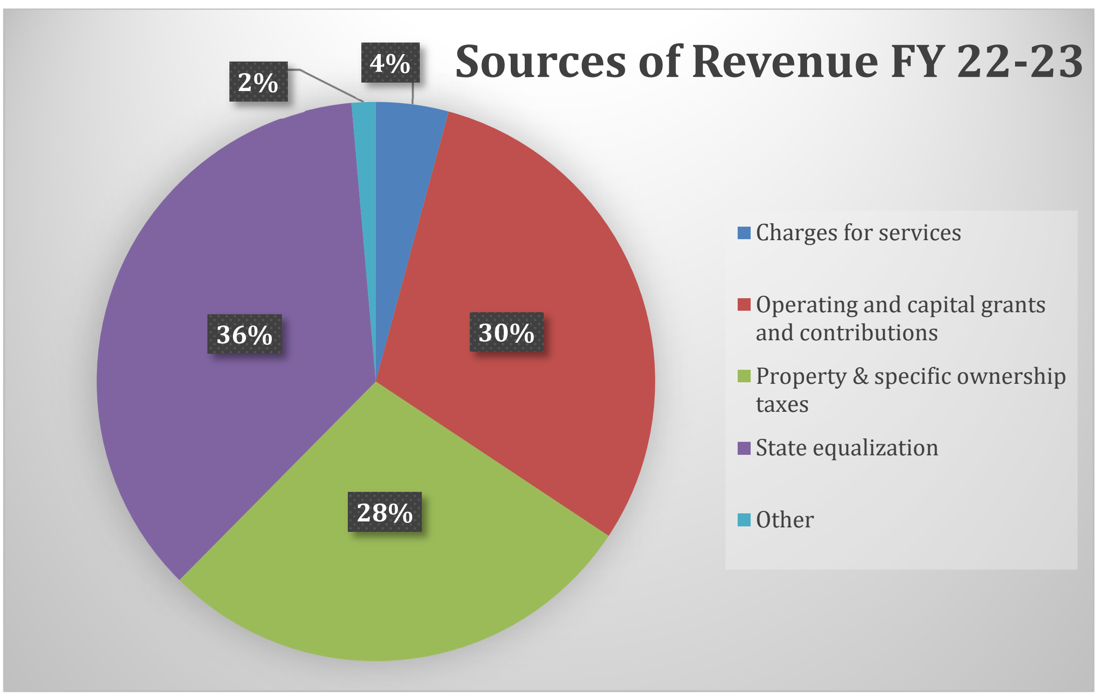
Sources of Revenue FY 22-23
4%
2%
30%
36%
28%
Charges for services
Operating and capital grants and contributions
Property & specific ownership taxes
State equalization
Other

Chart 4

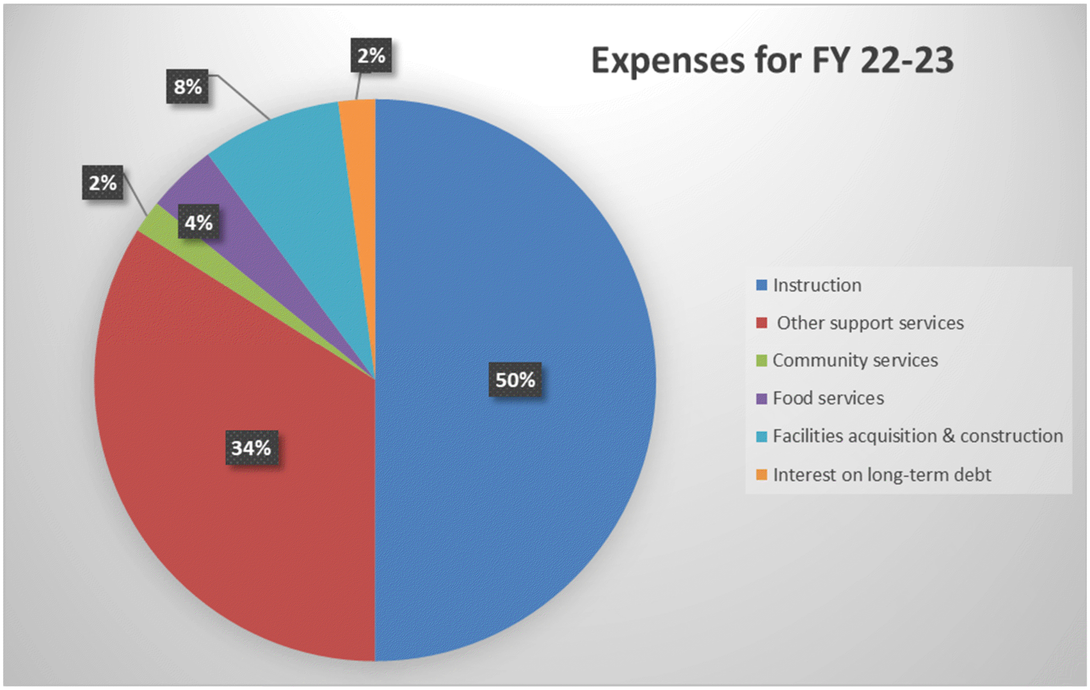
Expenses for FY 22-23
2%
8%
2%
4%
50%
34%
Instruction
Other support services
Community services
Food services
Facilities acquisition & construction
Interest on long-term debt

Chart 5

State equalization accounted for 36 percent of the District's governmental activities total revenue (see **Chart 4**). Another 30 percent came from property and specific ownership taxes and the remainder from capital construction grants, operating grants, contributions, fees charged for services, and miscellaneous sources.
The District's expenses are predominantly related to support services at 34 percent and instruction at 50 percent (see **Chart 5**). Support services, includes the District's student support, administrative, business, transportation, maintenance and operations activities.

Governmental Activities
The primary source of operating revenue for school Districts is per pupil funding, which comes from the School Finance Act of 1994 as amended. In fiscal year 2023, the funded pupil count was 3,522.6 and the District received $9,079 per pupil. For the 2023 fiscal year the District continued to be one of the lowest funded Districts in the state on a per pupil basis, receiving only 95% of state average per pupil funding.

Funding for the School Finance Act comes from property taxes, specific ownership tax and state equalization. The District receives approximately 56 percent of this funding from state equalization. State law allows school Districts to obtain an additional 44 percent of SFA program funding from local property and specific ownership taxes (SOT). The District's assessed valuation generated $15.4 million in property and SOT tax revenue under the School Finance Act in fiscal year 2023.

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

Table -6-

Governmental Activities

	2022	2023
Instruction	$11,225,271	$25,344,090
Supporting services	$15,492,958	17,192,469
Food service operations	$2,007,294	2,035,935
Community Services	$637,203	951,895
Facilities acquisition	$695,739	4,073,548
Interest on long-term debt	$816,469	1,066,238
Total	$30,874,934	$50,664,175

The cost of all *governmental* activities this year was $50.6 million.

- Some of the cost was financed by the users of the District's programs ($2.3 million)
- The federal and state government subsidized certain programs with grants and contributions ($16.6 million).
- A portion of governmental activities was financed with $19.9 million in state equalization from the School Finance Act of 1994 and $15.5 million in property and specific ownership taxes.

Financial Analysis of the District's Funds

Information about the District's major funds starts on page 3. These funds are accounted for using the modified accrual basis of accounting. All governmental funds have total revenues of $56 million and expenditures of $58 million.

Budgetary Highlights
The District's budget is prepared according to Colorado law and is based on accounting for certain transactions on a basis of cash receipts and disbursements. The most significant budgeted fund is the General Fund. Individual Fund Statements and Schedules begin on page 51.

- General Fund (Funds 10 & 18) actual revenues exceeded actual expenditures by $3.2 million, primarily as a result of specific ownership taxes and State special education funding being greater than projected. Also, rural sustainability funds were retained in the General Fund in order to increase fund balance. Actual expenditures were less than the amended budget amount. This resulted in the General Fund balance increasing to $9.1 million at fiscal year-end – 26.0% of FY22-23 expenditures. This percentage is also due to the CARES and ESSER emergency relief funds due to the pandemic. This allowed the District to allocate instructional salaries and other expenses to these funds. A portion of the fund balance is reserved for future obligations related to the ten-year MLO sunset.
- Colorado Preschool Program (CPP) Fund (Fund 19) actual revenues exceeded expenditures by $32 thousand as revenues were somewhat more than projected and expenditures were less than projected, partly due to COVID-19 effects. The CPP fund balance was $338 thousand at year end.
- Food Service Fund (Fund 21) actual expenditures exceeded revenues by $145 thousand. The ending fund balance is $1.7 million at year end. This decrease was mainly due to the impacts of COVID-19 and temporary adjustments to federal school lunch program as well as increased food costs.
- Grants Fund (Fund 22) expenditures were less than the budgeted amount of $12 million and were matched to revenues. Actual expenditures were less than the budgeted amount. The District's grant awards, and expenditures have increased as it has continued to pursue a number of new health and wellness and innovation grant awards.

- Pupil Activity Fund (Fund 23) actual expenditures were within budget and matched to revenues with the General Fund allocation for amounts in excess of participation, gate and other revenues.

- Student Clubs and Organizations Fund (Fund 27) Actual revenues exceeded expenditures by $32 thousand during the year. Total fund balances for clubs and organizations increased to $525 thousand at year end. These funds are property of the various clubs and organizations and are not available to support regular school District operations.

- Bond Redemption Fund (Fund 31) expenditures were within budget. Revenues exceeded expenditures by $691 thousand with the Bond Fund balance increasing to $4.3 million at year end.

- Building Fund (Fund 41) Revenue & Expenditures were $1.8 million. This is due to separating the BEST grant for Canon Exploratory School to this fund.

- Capital Reserve Fund 43 - Capital Projects unrestricted fund balance increased to $6.1 million. The reason for the large increase is the two lease purchase agreements the District entered into for parking lot improvements and energy efficiency projects.

- Scholarships Fund (Fund 72) revenue exceeded expenditures by $62 thousand. Total fund balances for scholarship accounts at year end were $481 thousand.

- Component Unit Fund (Fund 75) - tracks activity of the Fremont Schools Facilities Corporation (FSFC). FSFC was created in conjunction with the Family Center Apartments and was also used to issue Certificates of Participation for the purchase and remodel of Garden Park High School and the remodel of a portion of the old Harrison Elementary School into what is now known as the ACCESS Center.

- District Debt Fund (Fund 90) is a contra account used to report long-term debt. Fund 90 is used to report the District's debt associated with the 2003/2004 Capital Construction General Obligations Bonds, including the 2011 and 2014 refinancing of a portion of outstanding bonds to secure better interest rates. Fund 90 also includes reporting for the $4 million GO bonds issued in December 2017, the $8 million GO bonds issued in 2018 for the CCMS replacement project and the $6.2 million GO bonds issued in 2018 for the Washington replacement project. Also, beginning in FY17-18 Fund 90 is used to report mill override activity.

Capital Assets and Debt Administration

By the end of 2023 the District had invested $93 million in land, buildings, equipment, and transportation vehicles. **Table -7-** shows fiscal 2022 and 2023:

Table-7-

Capital Assets at June 30
(Net of Depreciation)

	Governmental Activities	
	2022	2023
Land	$2,220,137	$2,220,137
Construction in Progress	816,128	6,900,429
Improvements	82,435,300	79,588,671
Vehicles	197,771	202,603
Equipment	4,144,744	4,454,323
Net	$89,814,080	$93,366,163

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

Long-Term Debt
The outstanding principal balance on General Obligation Bonds at year end was $20.4 million, including unamortized bond premium. In July 2018 the District issued $8 million in General Obligation bonds to be used for the local match for the BEST grant to renovate and upgrade Cañon City Middle School. In November 2018 the District issued $6.2 million in General Obligation bonds to be used for the local match for the BEST grant to replace Washington Elementary School.

At year end the District had $9 million in capital leases payable. Compensated absences increased to $1.5 million.

Total Long-Term Debt increased by $19.7 million due primarily to the update of the District's allocated portion of the PERA Net Pension Liability under GASB Statement 68 and the infusion of funds by the State to reduce the PERA unfunded liability balance. In addition, $8.6 million in capital leases.

Table -8-
Outstanding Debt, at Year End

	June 30,2022	June 30,2023
General Obligation Bonds	$22,874,235	$20,423,872
Capital Leases Payable	713,735	9,091,293
Compensated Absences	1,454,539	1,580,862
Net Pension Liaility	40,206,717	54,009,113
Net OPEB Liability	1,945,215	1,840,157
Total	$67,194,441	$86,945,297

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

Factors bearing on the District's Future

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

- The District's enrollment continues to slide. The District's enrollment peaked in October 2001 at 4,255. The District's funded pupil count for 2022-23 was 3,522. Notably, the impact of the 2020 COVID pandemic, wherein many families are enrolling in for-profit online programs or choosing to just homeschool their children, resulted in a 42-student decrease for Fiscal Year 22-23.

- The Colorado Public Employee Retirement Association (PERA) provides retirement and other benefits to public employees statewide, including public school employees. PERA has been actuarially underfunded. To improve PERA's financial position employer contribution rates have been increasing for several years. The 2018 legislative session addressed PERA's funding shortfall by committing more than $220 million per year directly to the system moving forward, though this was paused during FY 21 due to concerns about state revenue collections during the pandemic.

- The Public-School Financial Transparency Act was signed into law during the 2010 Legislative session. This act directs local education providers to post financial information on-line for free public access. To meet the requirements of the act the District has posted required information on its website under a Financial Transparency tab. Information includes annual budgets, audit reports, quarterly financial reports, salary schedules, check registers, and credit card statements.

- Statewide the Budget Stabilization Factor stands at $321 million for fiscal year 2022-23, and the District's negative factor is projected to be $1.2 million per year at fiscal year-end.

- In 1995, Cañon City Schools approved the charter application for the Mountain View Core Knowledge School (MVCKS). MVCKS continues to operate a K-8 Charter School under the sponsorship of the District. The passage of 2017 questions 3A and 3B placed the school on good financial footing by paying off its $1.2 million building loan.

- For fiscal years beginning July 1, 2014, the District adopted GASB Statement 68. GASB 68 requires that State and local governments record their share of pension plan unfunded liabilities. Net pension liability is reported in District-wide financial statements. For fiscal year 2023, the District's GASB 68 liability increased from $40.2 million to $54 million.

- In spring of 2017, the Colorado Legislature passed the Rural Sustainability Act. This provided what was believed to be a one-time $171 per pupil funding infusion totaling $634 thousand. A second year of rural sustainability funding was approved in spring 2018 from which the District received $615 thousand. This funding was reduced by 33% in FY19 and completely disappeared in FY 20. However, passage of Proposition EE in November 2020 has ensured the District receive the funding for FY 21, 22, and 23.

- An item of significant note in how it impacts the District budget is the fact that roughly 18% of Cañon City Schools students qualify for special education services. This is one of the largest Special Education populations, by percentage of total student, in the state of Colorado.

It is worth noting that since 2010, Cañon City School's costs for delivery of Special Education services has increased significantly while funding for such students has not. This changed slightly in FY 23 with the passage of Senate Bill 127 that increased state funding by $500 for each student who receives special education services.

- Finally, in November 2020, Colorado voters repealed the Gallagher Amendment AND the Colorado legislature finally passed a mill-equity law. This impacted Cañon City taxpayers by requiring personal property owners pay a larger portion of the District's operating expenses and business owners to pay somewhat less. Additionally, greater property tax equity around the state means, at no extra cost to Cañon City taxpayers, more revenue will be available to distribute to school Districts across the state, and systems like ours may benefit more greatly from locally passed mill overrides through a state match system much like BEST.

Contacting the District's Financial Management

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

By mail:	Cañon City Schools Director of Business Services 101 N. 14th St. Canon City, CO 81212
By e-mail:	heidi.anderson@canoncityschools.org
By phone:	(719) 276-5707
Or visit our website:	www.canoncityschools.org

BASIC FINANCIAL STATEMENTS

SCHOOL DISTRICT FREMONT RE-1
STATEMENT OF NET POSITION
JUNE 30, 2023

	Primary Government	Component Units	
	Governmental Activities	Charter School	Facilities Corp.
ASSETS			
Cash and investments	$ 22,151,306	$ 557,089	$ 807,526
Restricted cash and investments	4,339,814	-	-
Cash with county treasurer	417,757	-	-
Receivables	2,686,658	27,850	-
Receivable from primary government	-	611,843	-
Receivable from fiduciary funds	8,840	-	-
Inventories and prepaid items	68,218	-	-
Capital assets, not being depreciated	9,120,566	474,460	-
Capital assets being depreciated, net	85,045,981	1,072,284	73,949
Total assets	123,839,140	2,743,526	881,475
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	34,391	-	-
Deferred pension outflows	12,748,615	735,185	-
Deferred OPEB outflows	279,890	19,618	-
Total deferred outflows of resources	13,062,896	754,803	-
LIABILITIES			
Accounts payable and other current liabilities	1,245,286	119	-
Accrued salaries and benefits	3,987,345	210,921	-
Due to charter school	611,843	-	-
Unearned revenue	1,312,643	-	-
Accrued interest payable	199,106	-	-
Long-term liabilities:			
Due within one year	2,858,258	-	-
Due in more than one year	28,237,769	-	-
Net pension liability	54,009,113	2,948,479	-
Net OPEB liability	1,840,157	100,449	-
Total liabilities	94,301,520	3,259,968	-
DEFERRED INFLOWS OF RESOURCES			
Deferred pension inflows	8,216,816	489,382	-
Deferred OPEB inflows	665,443	39,908	-
Total deferred inflows of resources	8,882,259	529,290	-
NET POSITION			
Net investment in capital assets	64,685,773	1,546,744	73,949
Restricted for:			
Emergency reserve (TABOR)	1,240,000	80,000	-
Debt service	4,359,242	-	-
Preschool program	338,731	-	-
Unrestricted	(36,905,489)	(1,917,673)	807,526
Total net position	$ 33,718,257	$ (290,929)	$ 881,475

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

SCHOOL DISTRICT FREMONT RE-1
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

		Program Revenue			Net (Expense) Revenue and Changes in Net Position		
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**	**Primary Government**	**Charter School**	**Facilities Corp.**
Primary government							
Governmental activities							
Instruction	$ 25,344,090	$ 1,967,548	$ 11,970,382	$ -	$ (11,406,160)	$ -	$ -
Supporting services	17,192,469	28,205	1,333,513	-	(15,830,751)		
Food service operations	2,035,932	318,504	1,597,989	-	(119,439)		
Community services	951,895	-	222,455	-	(729,440)		
Facilities acquisition	4,073,548	-	-	1,443,697	(2,629,851)		
Interest on long-term debt	1,066,238	-	-	-	(1,066,238)		
Total primary government	$ 50,664,172	$ 2,314,257	$ 15,124,339	$ 1,443,697	(31,781,879)		
Component units							
Charter school	$ 2,625,491	$ 108,144	$ -	$ 90,378		(2,426,969)	
Facilities Corp.	223,031	-	-	-			(223,031)
Total component units	$ 2,848,522	$ 108,144	$ -	$ 90,378			
General revenues:							
Property taxes					13,730,436	-	-
Specific ownership taxes					1,739,257	-	-
State equalization					19,915,134	-	-
Per pupil revenue					-	2,431,107	-
Grants and contributions not restricted to specific programs					5,550	-	-
Unrestricted investment earnings					681,269	11,894	35,318
Miscellaneous					81,628	23,366	-
Total general revenues					36,153,274	2,466,367	35,318
Change in net position					4,371,395	39,398	(187,713)
Net position - beginning (deficit)					29,346,862	(330,327)	1,069,188
Net position - ending (deficit)					$ 33,718,257	$ (290,929)	$ 881,475

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

SCHOOL DISTRICT FREMONT RE-1
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023

	General Fund	Governmental Designated-Purpose Grants Fund	Activities - Special Revenue Fund	Bond Redemption Fund	Capital Projects Fund	Total Nonmajor Funds	Total Governmental Funds
ASSETS							
Cash and investments	$ 13,202,100	$ -	$ 1,498,594	$ -	$ 6,255,008	$ 1,195,604	$ 22,151,306
Restricted cash and investments	-	-	-	4,332,892	-	6,922	4,339,814
Cash with county treasurer	196,887	-	-	220,870	-	-	417,757
Receivables	83,215	2,146,288	-	-	-	457,155	2,686,658
Due from other funds	39,627	255,043	-	-	233,343	902,329	1,430,342
Receivable from fiduciary funds	8,840	-	-	-	-	-	8,840
Inventories and prepaid items	42,239	-	-	-	-	25,979	68,218
Total assets	$ 13,572,908	$ 2,401,331	$ 1,498,594	$ 4,553,762	$ 6,488,351	$ 2,587,989	$ 31,102,935
LIABILITIES							
Accounts payable and other current liabilities	$ 125,188	$ 489,534	-	$ -	$ 294,867	$ 335,696	$ 1,245,285
Due to other funds	-	-	973,047	5,648	69,718	381,929	1,430,342
Due to charter school	611,843	-	-	-	-	-	611,843
Accrued salaries and benefits	3,227,739	599,154	-	-	-	160,452	3,987,345
Unearned revenue	-	1,312,643	-	-	-	-	1,312,643
Total liabilities	3,964,770	2,401,331	973,047	5,648	364,585	878,077	8,587,458
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue-property taxes	482,978	-	-	188,872	-	-	671,850
Total deferred inflows of resources	482,978	-	-	188,872	-	-	671,850
FUND BALANCES							
Nonspendable for:							
Inventories and prepaid items	42,239	-	-	-	-	25,979	68,218
Restricted for:							
Emergency reserve (TABOR)	1,240,000	-	-	-	-	-	1,240,000
Debt service	-	-	-	4,359,242	-	-	4,359,242
Preschool	338,731	-	-	-	-	-	338,731
Committed for:							
Capital projects	-	-	-	-	6,123,766	-	6,123,766
Food service operations	-	-	-	-	-	1,683,933	1,683,933
Pupil Activities	-	-	525,547	-	-	-	525,547
Assigned for:							
Risk management	173,417	-	-	-	-	-	173,417
Unassigned	7,330,773	-	-	-	-	-	7,330,773
Total fund balances	9,125,160	-	525,547	4,359,242	6,123,766	1,709,912	21,843,627
Total liabilities, deferred inflows and fund balances	$ 13,572,908	$ 2,401,331	$ 1,498,594	$ 4,553,762	$ 6,488,351	$ 2,587,989	$ 31,102,935

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

SCHOOL DISTRICT FREMONT RE-1
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2023

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

Total fund balance - governmental funds		$ 21,843,627
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Capital assets, not being depreciated	$ 9,120,566	
Capital assets, net of depreciation/amortization	85,045,981	94,166,547
Property tax receivable is not available to pay current period expenditures and, therefore, is not reported in the funds.		671,849
Long-term liabilities and related items are not due and payable in the current year and, therefore, are not reported in government funds:		
Deferred charges on refunding	$ 34,391	
Net pension liabilities	(54,009,113)	
Pension outflows	12,748,615	
Pension inflows	(8,216,816)	
Net OPEB liabilities	(1,840,157)	
OPEB outflows	279,890	
OPEB inflows	(665,443)	
Accrued interest	(199,106)	
Compensated absences	(1,580,862)	
Leases payable	(9,091,293)	
Bonds payable	(20,423,872)	(82,963,766)
Net position of governmental activities in the statement of net position		$ 33,718,257

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

SCHOOL DISTRICT FREMONT RE-1
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	General Fund	Governmental Designated-Purpose Grants Fund	Activities - Special Revenue Fund	Bond Redemption Fund	Capital Projects Fund	Total Nonmajor Funds	Total Governmental Funds
REVENUES							
Local sources	$ 13,360,914	$ 319,884	$ 533,807	$ 3,914,255	$ 149,734	$ 492,174	$ 18,770,768
State sources	24,051,614	2,302,121	-	-	-	1,471,538	27,825,273
Federal sources	146,728	7,963,251	-	-	-	1,571,885	9,681,864
Total revenues	37,559,256	10,585,256	533,807	3,914,255	149,734	3,535,597	56,277,905
EXPENDITURES							
Instruction	20,149,177	3,874,964	348,460	-	334,265	509,934	25,216,800
Supporting services	13,716,324	5,001,126	152,735	-	1,200,206	426,332	20,496,723
Food service operations	-	-	332	-	-	2,070,974	2,071,306
Community services	314,977	636,609	-	-	-	-	951,586
Facilities acquisition and construction	49,619	1,157,557	-	-	3,159,954	1,819,574	6,186,704
Debt service	49,143	-	-	3,172,600	409,630	-	3,631,373
Total expenditures	34,279,240	10,670,256	501,527	3,172,600	5,104,055	4,826,814	58,554,492
Excess (deficiency) of revenues over expenditures	3,280,016	(85,000)	32,280	741,655	(4,954,321)	(1,291,217)	(2,276,587)
OTHER FINANCING SOURCES (USES)							
Transfers in	-	85,000	-	-	723,327	1,145,674	1,954,001
Transfers out	(1,954,001)	-	-	-	-	-	(1,954,001)
Lease proceeds	-	-	-	-	8,634,020	-	8,634,020
Total other financing sources (uses)	(1,954,001)	85,000	-	-	9,357,347	1,145,674	8,634,020
Net change in fund balances	1,326,015	-	32,280	741,655	4,403,026	(145,543)	6,357,433
Fund balances - beginning	7,799,145	-	493,267	3,617,587	1,720,740	1,855,455	15,486,194
Fund balances - ending	$ 9,125,160	$ -	$ 525,547	$ 4,359,242	$ 6,123,766	$ 1,709,912	$ 21,843,627

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

SCHOOL DISTRICT FREMONT RE-1
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

Amounts reported for governmental activities in the statement of activities are different because:		
Net change in fund balances - total governmental funds:		$ 6,357,433
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.		
Capital outlays	$ 7,535,436	
Depreciation/amortization expense	(2,995,638)	4,539,798
In the statement of activities, the disposition of capital assets generates a gain or loss and is reported as such. The gain or loss on disposition is not a current financial resource or use and, thus, is not reported in the funds.		(1,158,021)
Governmental funds do not present property tax revenues that are not available to pay current obligations. In contrast, such revenues are reported in the statement of activities when earned.		99,775
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of the governmental funds. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Repayment of principal	$ 2,572,389	
Proceeds from leases	(8,634,020)	(6,061,631)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		
Accrued interest on long-term debt	$ (124,494)	
Amortization of bond premium	134,436	
Amortization of deferred amounts on refunding	(17,196)	
Compensated absences	(126,223)	
Changes in pension related items	474,638	
Changes in OPEB related items	252,880	594,041
Change in net position of governmental activities		$ 4,371,395

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

SCHOOL DISTRICT FREMONT RE-1
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE, 30 2023

	Private-Purpose Trust Fund
ASSETS	
Cash and investments	$ 116,335
Restricted cash and investments	373,240
Total assets	$ 489,575
LIABILITIES	
Due to primary government	$ 8,840
Total liabilities	8,840
NET POSITION	
Held in trust for individuals:	
Nonexpendable	373,240
Expendable	107,495
Total net position	480,735
Total liabilities and net position	$ 489,575

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

SCHOOL DISTRICT FREMONT RE-1
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE, 30 2023

	Private-Purpose Trust Fund
ADDITIONS	
Investment income	$ 19,555
Donations	50,571
Total additions	70,126
DEDUCTIONS	
Scholarship awards	8,000
Total deductions	8,000
Change in net position	62,126
Net position - beginning	418,609
Net position - ending	$ 480,735

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

SCHOOL DISTRICT FREMONT RE-1
STATEMENT OF FINANCIAL POSITION
FREMONT SCHOOLS FACILITIES CORPORATION
DECEMBER 31, 2022

ASSETS		
Current assets		
Cash and investments	$	807,526
Non-current assets		
Capitalized costs, net of amortization		73,949
Total assets	$	881,475
LIABILITIES AND NET POSITION		
Total liabilities	$	-
Net position		
Investment in capital assets		73,949
Unrestricted		807,526
Total net position		881,475
Total liabilities and net position	$	881,475

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

SCHOOL DISTRICT FREMONT RE-1
STATEMENT OF ACTIVITIES
FREMONT SCHOOLS FACILITIES CORPORATION
YEAR ENDED DECEMBER 31, 2022

UNRESTRICTED NET POSITION	
Support and revenue	
Investment earnings	$ 35,318
Expenses	
Program expenses	44,694
(Gain)/loss on sale	178,337
Total expenses	223,031
Change in net position	(187,713)
Net position - beginning	1,069,188
Net position - ending	$ 881,475

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

SCHOOL DISTRICT FREMONT RE-1
STATEMENT OF CASH FLOWS
FREMONT SCHOOLS FACILITIES CORPORATION
YEAR ENDED DECEMBER 31, 2022

CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net position	$	(187,713)
Adjustments to reconcile change in net position to net cash provided (used) by operating activities:		
Depreciation		30,834
Gain on sale of assets		178,337
Net cash provided (used) by operating activities		21,458
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds on sale of investments		73,711
Purchase of investments		(94,869)
Net cash provided (used) by investing activities		(21,158)
Net increase (decrease) in cash and cash equivalents		300
Cash and cash equivalents - beginning		435
Cash and cash equivalents - ending	$	735
Reconciliation of cash and investments to the Statement of Financial Position:		
Cash and cash equivalents	$	735
Investments		806,791
Cash and investments at year-end	$	807,526

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of School District Fremont RE-1 (the District) have been prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the District are discussed below.

A. REPORTING ENTITY

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

The School District serves the eastern area of Fremont County.

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

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

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

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

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENT PRESENTATION

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

The District reports the following major governmental funds:

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

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

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

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

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

Additionally, the District reports the following fund types:

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Capital Project Funds account for the proceeds, construction and acquisition of capital assets.

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

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

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

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

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

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

Cash and cash equivalents

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

Investments

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

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

Receivables

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Inventories and prepaid items

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

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

Capital assets

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

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

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

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

Accrued Salaries and Benefits

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

Unearned Revenue

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred outflows/inflows of resources

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

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

Leases

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

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

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

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Long-term liabilities

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

In the fund financial statements, governmental fund types recognize premiums and discounts, as well as issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Pensions

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

Other Post Employment Benefit (OPEB) Plan

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

Net position

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

Fund balance classification

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

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

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

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

E. REVENUES AND EXPENDITURES/EXPENSES

Property Taxes

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

The District is permitted to levy taxes on the assessed valuation for general governmental services and for the payment of principal and interest on long-term debt. The tax rate for the collection year ended December 31, 2023 is 31.420 mills for general operating expenses and 12.287 mills for the payment of long-term debt. The District's assessed valuation for the collection year 2023 is $313,729,238. Taxes are assessed on $313,328,641 which is the assessed valuation net of tax increment financing.

Specific Ownership Taxes

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

Compensated Absences

It is the District's policy to permit employees to accumulate a limited amount of earned but unused vacation and sick leave benefits, which will be paid to employees upon separation from District service.

The current portion of these liabilities represents the amount that would be liquidated with expendable available financial resources. This liability is recognized in the General Fund. The long-term portion of this liability is recorded in the government-wide financial statements.

F. ESTIMATES

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

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

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

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

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

Excess of Expenditures over Appropriations

For the year ended June 30, 2023, expenditures exceeded appropriations in the Food Service Fund by $80,549. These over-expenditures were funded by greater than anticipated revenues.

NOTE 3 – DEPOSITS AND INVESTMENTS

A summary of deposits and investments as of June 30, 2023 is as follows:

Deposits	$ 3,209,992
Investments	23,281,128
Total	$ 26,491,120

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

Cash and investments	$ 22,151,306
Restricted cash and investments	4,339,814
Total	$ 26,491,120

Cash deposits with financial institutions

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

The carrying amount of the District's deposits at June 30, 2023 was $3,209,992 and the bank balances were $4,384,476. Of the bank balances, $250,000 were covered by federal deposit insurance, and the remaining balance was uninsured but collateralized in accordance with the provisions of the PDPA.

Investments

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

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

NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)

At June 30, 2023 the District's investment balances were as follows:

Investment Type	Year-end Balance	Measurement	Maturity	Standard & Poor's Rating
ColoTrust	$ 20,283,684	Net asset value	Less than 90 days	AAAm
Money Market	2,997,444	Amortized cost	Less than 90 days	AAA
	$ 23,281,128			

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

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

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

Concentration of Credit Risk – Concentration of credit risk is the risk of loss that may be caused by the District's investment in a single issuer. The District places no limit on the amount it may invest in any one issuer. More than 20 percent of the District's investments are in ColoTrust. These investments are 87.13% of the District's total investments.

In accordance with state law, the District has designated ColoTrust as the third party custodian for the bond redemption fund. Funds held at June 30, 2023 total $4,332,892 and are included with the ColoTrust investments above.

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

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

NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)

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

Facilities Corp Deposits and Investments

The deposits and investments of the Facilities Corp at December 31, 2022 consist of the following:

Deposits	$ 735
Investments	806,791
Total cash and investments	$ 807,526

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

Cash and investments	$ 807,526

The carrying amount of the Facilities Corp.'s deposits at December 31, 2022 was $735 and the bank balances were $735. All of the bank balances were covered by federal deposit insurance.

NOTE 4 –RECEIVABLES

Receivables as of June 30, 2023 for the government's individual major funds, non-major governmental funds in the aggregate, and internal service funds in the aggregate, are as follows:

	General Fund	Designated Purpose Grants Fund	Nonmajor Funds	Total
Grants	$ 56,728	$ 2,146,288	$ 457,155	$ 2,660,171
Other	26,487	-	-	26,487
Total	$ 83,215	$ 2,146,288	$ 457,155	$ 2,686,658

NOTE 5 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Receivables and Payables

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

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

The composition of interfund balances as of June 30, 2023, is as follows:

	Due From Other Funds	Due To Other Funds
General Fund	$ 39,627	$ -
Governmental Designated Purpose Grants Fund	255,043	-
Activities – Special Revenue Fund	-	973,047
Bond Redemption Fund	-	5,648
Capital Projects Fund	233,343	69,718
Nonmajor Funds	902,329	381,929
Total	$ 1,430,342	$ 1,430,342

Interfund transfers

The composition of interfund transfers for the year ended June 30, 2023, is as follows:

	Transfers From Other Funds	Transfers To Other Funds
General Fund	$ -	$ 1,954,001
Governmental Designated Purpose Grants Fund	85,000	-
Capital Projects Fund	723,327	-
Nonmajor Funds	1,145,674	-
Total	$ 1,954,001	$ 1,954,001

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

NOTE 6 - INVENTORIES

Inventories for non-food service fund governmental fund types consist of instructional supplies, audio visual supplies and non-issued instructional equipment. Inventories are accounted for using the consumption method and are valued at lower of cost or market and amounted to $42,239 at June 30, 2023.

Inventories for the Food Service Fund consist of purchases and donated commodities and non-food supplies. Purchased inventories are stated at cost. Donated inventories, received at no cost under programs supported by the U.S. government, are recorded at their estimated fair market value at date of receipt and amounted to $25,979 at June 30, 2023.

NOTE 7 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2023 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated:				
Land	$ 2,220,137	$ -	$ -	$ 2,220,137
Construction in progress	816,128	6,291,877	(207,576)	6,900,429
Total capital assets not being depreciated	3,036,265	6,291,877	(207,576)	9,120,566
Capital assets being depreciated:				
Buildings and improvements	110,271,282	290,417	(2,118,359)	108,443,340
Equipment	7,860,075	1,115,080	(1,051,572)	7,923,583
Vehicles	1,924,803	45,638	-	1,970,441
Total capital assets being depreciated	120,056,160	1,451,135	(3,169,931)	118,337,364
Less accumulated depreciation for:				
Buildings and improvements	(27,835,982)	(2,316,857)	1,298,170	(28,854,669)
Furniture and equipment	(3,715,331)	(467,669)	713,740	(3,469,260)
Vehicles	(1,727,032)	(40,806)	-	(1,767,838)
Total accumulated depreciation	(33,278,345)	(2,825,332)	2,011,910	(34,091,767)
Total capital assets being depreciated, net	86,777,815	(1,374,197)	(1,158,021)	84,245,597
Lease assets being amortized:				
Buildings and improvements	4,410,189	-	-	4,410,189
Furniture and equipment	991,707	-	(394,529)	597,178
Vehicles	1,042,365	-	-	1,042,365
Total lease assets being amortized	6,444,261	-	(394,529)	6,049,732
Less accumulated amortization for:				
Buildings and improvements	(4,410,189)	-	-	(4,410,189)
Furniture and equipment	(661,354)	(66,070)	394,529	(332,895)
Vehicles	(402,028)	(104,236)	-	(506,264)
Total accumulated amortization	(5,473,571)	(170,306)	394,529	(5,249,348)
Total lease assets being amortized, net	970,690	(170,306)	-	800,384
Capital assets, net of accumulated depreciation/amortization	87,748,505	(1,544,503)	(1,158,021)	85,045,981
Total governmental activities capital assets	$ 90,784,770	$ 4,747,374	$ (1,365,597)	$ 94,166,547

NOTE 7 - CAPITAL ASSETS (CONTINUED)

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

Governmental Activities

Instruction	$ 919,984
Supporting services	2,040,420
Food Services	35,234
Total depreciation/amortization expense	$ 2,995,638

Facilities Corp Capital Assets

Capital asset activity for the year ended December 31, 2022 was as follows:

	Balance 12/31/21	Additions	Sales and Retirements	Balance 12/31/22
Buildings and improvements	$ 462,506	$ -	$ -	$ 462,506
Less accumulated depreciation	(357,724)	(30,833)	-	(388,557)
Total depreciable assets, net	$ 104,782	$ (30,833)	$ -	$ 73,949

NOTE 8 – LEASES

District as lessee

The District, as a lessee, has entered into lease agreements involving buildings, equipment, and vehicles with lease terms ranging from 3 to 6 years. The total costs of these right-to-use lease assets are recorded as $6,049,732, less accumulated amortization of $5,249,348. The District has determined that as of June 30, 2023, there is no loss associated with an impairment of the right-to-use lease asset.

The future lease payments under lease agreements as of June 30, 2023 are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2024	$ 468,147	$ 350,899	$ 819,046
2025	364,409	339,280	703,689
2026	367,797	326,866	703,663
2027	346,505	312,137	658,642
2028	356,506	298,040	654,546
2029-2033	2,013,583	1,259,149	3,272,732
2034-2038	2,461,761	810,971	3,272,732
2039-2043	2,703,585	264,536	2,968,121
Total	$ 9,091,293	$ 3,961,878	$ 13,053,171

NOTE 9 – LONG-TERM LIABILITIES

General Obligation Bonds

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

General Obligation bonds outstanding at June 30, 2023 are as follows:

	Original Borrowing	Interest Rates	Final Maturity	Outstanding at Year-end
Governmental Activities				
G.O. Refunding bonds 2011A	$ 7,135,000	2.00% - 3.50%	2025	$ 1,230,000
G.O. Refunding bonds 2014	7,500,000	2.00% - 3.00%	2025	2,210,000
G.O. Refunding bonds 2017	4,000,000	3.22%	2038	3,220,000
G.O. Refunding bonds 2018N	6,199,032	3.89%	2039	5,303,830
G.O. Refunding bonds 2018A	8,000,000	5.00% - 6.00%	2039	6,990,000
Total				$ 18,953,830

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

	Governmental Activities	
Fiscal Year Ending June 30	Principal	Interest
2024	$ 2,390,111	$ 777,261
2025	2,479,653	693,435
2026	759,567	634,425
2027	794,867	601,842
2028	825,567	567,860
2029 – 2033	4,708,504	2,241,674
2034 –2038	5,915,893	1,003,511
2039	1,079,668	27,811
Total	$ 18,953,830	$ 6,547,819

Legal Debt Margin

Assessed valuation	$ 313,729,238
Debt limit – 20% of assessed valuation	62,745,848
General obligation debt	(18,953,830)
	$ 43,792,018

NOTE 9 – LONG-TERM LIABILITIES (CONTINUED)

Changes in Long-Term Liabilities

Changes in the District's long-term liabilities for the year ended June 30, 2023, are as follows:

	Beginning Balance	Additions	Deductions	Ending Balance	Amount Due Within One year
Governmental Activities					
General obligation bonds	$ 21,269,757	$ -	$ (2,315,927)	$ 18,953,830	$ 2,390,111
Premiums	1,604,478	-	(134,436)	1,470,042	-
Total bonds payable	22,874,235	-	(2,450,363)	20,423,872	2,390,111
Leases	713,735	8,634,020	(256,462)	9,091,293	468,147
Compensated absences	1,454,639	126,223	-	1,580,862	-
Net pension liability	40,206,717	22,612,685	(8,810,289)	54,009,113	-
Net OPEB liability	1,945,215	268,076	(373,134)	1,840,157	-
Total Governmental Activities	$ 67,194,541	$ 31,641,004	$ (11,890,248)	$ 86,945,297	$ 2,858,258

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

NOTE 10 – DEFINED BENEFIT PENSION PLAN

General Information about the Pension Plan

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

Benefits provided as of December 31, 2022. PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at
C.R.S. § 24-51-602, 604, 1713, and 1714.

NOTE 10 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

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

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

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

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

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

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

NOTE 10 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

Contributions provisions as of June 30, 2023: Eligible employees of, School District Fremont RE-1 and the State are required to contribute to the SCHDTF at a rate set by Colorado statute. The contribution requirements for the SCHDTF are established under C.R.S. § 24-51-401, *et seq*. and § 24-51-413. Eligible employees are required to contribute 11.00% of their PERA-includable salary during the period of July 1, 2022 through June 30, 2023. Employer contribution requirements are summarized in the table below:

	July 1, 2022 Through June 30, 2023
Employer contribution rate	11.40%
Amount of employer contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f)	(1.02)%
Amount apportioned to the SCHDTF	10.38%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	4.50%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	5.50%
Total employer contribution rate to the SCHDTF	20.38%

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

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the School District Fremont RE-1 is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from School District Fremont RE-1 were $4,843,635 for the year ended June 30, 2023.

For purposes of GASB 68 paragraph 15, a circumstance exists in which a nonemployer contributing entity is legally responsible for making contributions to the SCHDTF and is considered to meet the definition of a special funding situation. As specified in C.R.S. § 24-51-414, the State is required to contribute $225 million (actual dollars) direct distribution each year to PERA starting on July 1, 2018. A portion of the direct distribution payment is allocated to the SCHDTF based on the proportionate amount of annual payroll of the SCHDTF to the total annual payroll of the SCHDTF, State Division Trust Fund, Judicial Division Trust Fund, and Denver Public Schools Division Trust Fund. House Bill (HB) 22-1029, instructed the State treasurer to issue an additional direct distribution to PERA in the amount of $380 million (actual dollars), upon enactment. The July 1, 2023, payment is reduced by $190 million (actual dollars) to $35 million (actual dollars). The July 1, 2024, payment will not be reduced due to PERA's negative investment return in 2022. Senate Bill (SB) 23-056, enacted June 2, 2023, requires an additional direct distribution of approximately $14.5 million (actual dollars), for a total of approximately $49.5 million (actual dollars) to be contributed July 1, 2023.

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

The net pension liability for the SCHDTF was measured as of December 31, 2022, and the total pension liability (TPL) used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021. Standard update procedures were used to roll-forward the TPL to December 31, 2022. The School District Fremont RE-1 proportion of the net pension liability was based on School District Fremont RE-1 contributions to the SCHDTF for the calendar year 2022 relative to the total contributions of participating employers and the State as a nonemployer contributing entity.

NOTE 10 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

At June 30, 2023, the School District Fremont RE-1 reported a liability of $54,009,113 for its proportionate share of the net pension liability that reflected a reduction for support from the State as a nonemployer contributing entity. The amount recognized by the School District Fremont RE-1 as its proportionate share of the net pension liability, the related support from the State as a nonemployer contributing entity, and the total portion of the net pension liability that was associated with School District Fremont RE-1 were as follows:

School District Fremont RE-1 proportionate share of the net pension liability	$ 54,009,113
The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the School District Fremont RE-1	15,738,798
Total	$ 69,747,911

At December 31, 2022, the School District Fremont RE-1 proportion was 0.2965991181%, which was a decrease of 0.0488975915% from its proportion measured as of December 31, 2021.

For the year ended June 30, 2023, the School District Fremont RE-1 recognized pension expense of ($474,638) and revenue of $1,850,787 for support from the State as a nonemployer contributing entity. At June 30, 2023, the School District Fremont RE-1 reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 511,138	$ -
Changes of assumptions or other inputs	956,677	-
Net difference between projected and actual earnings on pension plan investments	7,255,414	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	1,583,677	8,216,816
Contributions subsequent to the measurement date	2,441,709	N/A
Total	$ 12,748,615	$ 8,216,816

NOTE 10 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

$2,441,709 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2024	$ (2,287,639)
2025	(1,752,308)
2026	1,909,886
2027	4,220,151
2028	-
Thereafter	-

Actuarial assumptions. The TPL in the December 31, 2021 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.30%
Real wage growth	0.70%
Wage inflation	3.00%
Salary increases, including wage inflation	3.40% – 11.00%
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07; and DPS benefit structure (compounded annually)	1.00%
PERA benefit structure hired after 12/31/06[1]	Financed by the AIR

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

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

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

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

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

NOTE 10 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

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

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

The actuarial assumptions used in the December 31, 2021, valuation were based on the results of the 2020 experience analysis for the period January 1, 2016, through December 31, 2019, and were reviewed and adopted by the PERA Board at their November 20, 2020, meeting.

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

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

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

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

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

NOTE 10 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

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

- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the scheduled increases in SB 18-200 and required adjustments resulting from the 2018 and 2020 AAP assessments. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.

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

- As specified in law, the State, as a nonemployer contributing entity, will provide an annual direct distribution of $225 million (actual dollars), commencing July 1, 2018, that is proportioned between the State, School, Judicial, and DPS Division Trust Funds based upon the covered payroll of each Division. The annual direct distribution ceases when all Division Trust Funds are fully funded.

- HB 22-1029, effective upon enactment in 2022, required the State treasurer to issue, in addition to the regularly scheduled $225 million (actual dollars) direct distribution, a warrant to PERA in the amount of $380 million (actual dollars). The July 1, 2023, direct distribution is reduced by $190 million (actual dollars) to $35 million (actual dollars). The July 1, 2024, direct distribution will not be reduced from $225 million (actual dollars) due to PERA's negative investment return in 2022.

- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.

- The AIR balance was excluded from the initial FNP, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the FNP and the subsequent AIR benefit payments were estimated and included in the projections.

- Benefit payments and contributions were assumed to be made at the middle of the year.

NOTE 10 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

Sensitivity of the School District Fremont RE-1 *proportionate share of the net pension liability to changes in the discount rate.* The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.25%, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	$ 70,679,353	$ 54,009,113	$ 40,087,758

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

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

General Information about the OPEB Plan

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

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

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

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

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

PERA Benefit Structure

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

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

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

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

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the School District Fremont RE-1 is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from School District Fremont RE-1 were $242,424 for the year ended June 30, 2023.

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

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

At June 30, 2023, the School District Fremont RE-1 reported a liability of $1,840,157 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2022, and the total OPEB liability (TOL) used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2021. Standard update procedures were used to roll-forward the TOL to December 31, 2022. The School District Fremont RE-1 proportion of the net OPEB liability was based on School District Fremont RE-1 contributions to the HCTF for the calendar year 2022 relative to the total contributions of participating employers to the HCTF.

At December 31, 2022, the School District Fremont RE-1 proportion was 0.2253771082%, which was a decrease of 0.0002060360% from its proportion measured as of December 31, 2021.

For the year ended June 30, 2023, the School District Fremont RE-1 recognized OPEB expense of ($252,880). At June 30, 2023, the School District Fremont RE-1 reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 239	$ 445,012
Changes of assumptions or other inputs	29,576	203,096
Net difference between projected and actual earnings on OPEB plan investments	112,393	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	15,474	17,335
Contributions subsequent to the measurement date	122,208	N/A
Total	$ 279,890	$ 665,443

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

$122,208 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	
2024	$ (181,853)
2025	(177,249)
2026	(79,205)
2027	(10,651)
2028	(47,832)
Thereafter	(10,971)

Actuarial assumptions. The TOL in the December 31, 2021 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.30%
Real wage growth	0.70%
Wage inflation	3.00%
Salary increases, including wage inflation	3.40% - 11.00%
Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Health care cost trend rates	
PERA benefit structure:	
Service-based premium subsidy	0.00%
PERACare Medicare plans	6.50% in 2022, gradually decreasing to 4.50% in 2030
Medicare Part A premiums	3.75% in 2022, gradually increasing to 4.50% in 2029
DPS benefit structure:	
Service-based premium subsidy	0.00%
PERACare Medicare plans	N/A
Medicare Part A premiums	N/A

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

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

Beginning January 1, 2022, the per capita health care costs are developed by plan option; based on 2022 premium rates for the UnitedHealthcare Medicare Advantage Prescription Drug (MAPD) PPO plan #1, the UnitedHealthcare MAPD PPO plan #2, and the Kaiser Permanente MAPD HMO plan. Actuarial morbidity factors are then applied to estimate individual retiree and spouse costs by age, gender, and health care cost trend. This approach applies for 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)
65-69	3.0%	1.5%
70	2.9%	1.6%
71	1.6%	1.4%
72	1.4%	1.5%
73	1.5%	1.6%
74	1.5%	1.5%
75	1.5%	1.4%
76	1.5%	1.5%
77	1.5%	1.5%
78	1.5%	1.6%
79	1.5%	1.5%
80	1.4%	1.5%
81 and older	0.0%	0.0%

Sample Age	MAPD PPO #1 with Medicare Part A		MAPD PPO #2 with Medicare Part A		MAPD HMO (Kaiser) with Medicare Part A	
	Retiree/Spouse		Retiree/Spouse		Retiree/Spouse	
	Male	Female	Male	Female	Male	Female
65	$1,704	$1,450	$583	$496	$1,923	$1,634
70	$1,976	$1,561	$676	$534	$2,229	$1,761
75	$2,128	$1,681	$728	$575	$2,401	$1,896

Sample Age	MAPD PPO #1 without Medicare Part A		MAPD PPO #2 without Medicare Part A		MAPD HMO (Kaiser) without Medicare Part A	
	Retiree/Spouse		Retiree/Spouse		Retiree/Spouse	
	Male	Female	Male	Female	Male	Female
65	$6,514	$5,542	$4,227	$3,596	$6,752	$5,739
70	$7,553	$5,966	$4,901	$3,872	$7,826	$6,185
75	$8,134	$6,425	$5,278	$4,169	$8,433	$6,657

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

The 2022 Medicare Part A premium is $499 (actual dollars) per month.

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

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

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and industry methods developed by health plan actuaries and administrators. In addition, projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services are referenced in the development of these rates. Effective December 31, 2021, the health care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

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

Year	PERACare Medicare Plans	Medicare Part A Premiums
2022	6.50%	3.75%
2023	6.25%	4.00%
2024	6.00%	4.00%
2025	5.75%	4.00%
2026	5.50%	4.25%
2027	5.25%	4.25%
2028	5.00%	4.25%
2029	4.75%	4.50%
2030+	4.50%	4.50%

Mortality assumptions used in the December 31, 2021, valuation for the determination of the total pension liability for each of the Division Trust Funds as shown below, reflect generational mortality and were applied, as applicable, in the determination of the TOL for the HCTF, but developed using a headcount-weighted basis. Affiliated employers of the State, School, Local Government and Judicial Divisions participate in the HCTF.

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

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

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

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

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

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

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

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

- Per capita health care costs in effect as of the December 31, 2021, valuation date for those PERACare enrollees under the PERA benefit structure who are expected to be age 65 and older and are not eligible for premium-free Medicare Part A benefits have been updated to reflect costs for the 2022 plan year.
- The December 31, 2021, valuation utilizes premium information as of January 1, 2022, as the initial per capita health care cost. As of that date, PERACare health benefits administration is performed by UnitedHealthcare. In that transition, the costs for the Medicare Advantage Option #2 decreased to a level that is lower than the maximum possible service-related subsidy as described in the plan provisions.
- The health care cost trend rates applicable to health care premiums were revised to reflect the then current expectation of future increases in those premiums. Medicare Part A premiums continued with the prior valuation trend pattern.

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

Effective for the December 31, 2022, measurement date, the timing of the retirement decrement was adjusted to middle-of-year within the valuation programming used to determine the TOL, reflecting a recommendation from the 2022 actuarial audit report, dated October 13, 2022, summarizing the results of the actuarial audit performed on the December 31, 2021, actuarial valuation.

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

The actuarial assumptions used in the December 31, 2021, valuation were based on the results of the 2020 experience analysis for the period January 1, 2016, through December 31, 2019, and were reviewed and adopted by the PERA Board at their November 20, 2020, meeting.

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

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

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

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

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

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

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Initial PERACare Medicare trend rate[1]	5.25%	6.25%	7.25%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	3.00%	4.00%	5.00%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability	$ 1,788,072	$ 1,840,157	$ 1,896,830

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

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

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2022, measurement date.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00%.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Estimated transfers of dollars into the HCTF representing a portion of purchase service agreements intended to cover the costs associated with OPEB benefits.
- Benefit payments and contributions were assumed to be made at the middle of the year.

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

Sensitivity of the School District Fremont RE-1 *proportionate share of the net OPEB liability to changes in the discount rate.* The following presents the proportionate share of the net OPEB liability calculated using the discount rate of 7.25%, as well as what the proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.25%) or one-percentage-point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	$ 2,133,287	$ 1,840,157	$ 1,589,436

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

NOTE 12 - RISK MANAGEMENT

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

NOTE 13 – COMMITMENTS AND CONTINGENCIES

Grants

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

Legal

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

NOTE 14 - TAX, SPENDING, AND DEBT LIMITATIONS

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

The amendment requires emergency reserves be established. These reserves must be at least 3% of fiscal year spending. The District is not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls or salary and benefit increases. At June 30, 2023 there is a $1,240,000 reservation of fund balance in the General Fund for the amendment.

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

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

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

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

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

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

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

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

REQUIRED SUPPLEMENTARY INFORMATION

SCHOOL DISTRICT FREMONT RE-1
SCHEDULE OF THE EMPLOYER'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
JUNE 30, 2023

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
District's proportion of the net pension liability (asset)	0.2965991181%	0.3454967096%	0.3883081270%	0.3437280609%	0.3500466125%	0.3943864836%	0.3988370590%	0.3990759031%	0.4009413828%	0.4029943282%
District's proportionate share of the net pension liability (asset)	$ 54,009,113	$ 40,206,717	$ 58,704,357	$ 51,352,226	$ 61,982,943	$ 127,530,572	$ 118,749,215	$ 61,035,842	$ 54,341,025	$ 51,401,818
State's proportionate share of the net pension liability (asset) associated with the School	15,738,798	4,609,187	-	6,513,377	8,475,307	-	-	-	-	-
Total	$ 69,747,911	$ 44,815,904	$ 58,704,357	$ 57,865,603	$ 70,458,250	$ 127,530,572	$ 118,749,215	$ 61,035,842	$ 54,341,025	$ 51,401,818
District's covered payroll	$ 22,879,197	$ 21,592,455	$ 20,767,262	$ 20,197,923	$ 19,243,942	$ 18,192,582	$ 17,900,521	$ 17,391,636	$ 16,796,568	$ 16,245,985
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	236.06%	186.21%	282.68%	254.25%	322.09%	701.00%	663.38%	350.95%	323.52%	316.40%
Plan fiduciary net position as a percentage of the total pension liability	61.8%	74.9%	67.0%	64.5%	57.0%	44.0%	43.1%	59.2%	62.8%	64.1%

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

See the accompanying independent auditors' report.

SCHOOL DISTRICT FREMONT RE-1
SCHEDULE OF THE EMPLOYER'S PAYROLL CONTRIBUTIONS - PENSION
JUNE 30, 2023

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	$ 4,843,635	$ 4,416,712	$ 4,128,031	$ 4,004,132	$ 3,786,110	$ 3,496,575	$ 3,333,610	$ 3,113,705	$ 2,805,821	$ 2,482,935
Contributions in relation to the contractually required contribution	(4,843,635)	(4,416,712)	(4,128,031)	(4,004,132)	(3,786,110)	(3,496,575)	(3,333,610)	(3,113,705)	(2,805,821)	(2,482,935)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$ 23,766,609	$ 22,216,860	$ 20,764,746	$ 20,661,154	$ 19,791,478	$ 18,519,996	$ 18,137,162	$ 17,561,786	$ 16,622,163	$ 15,537,768
Contributions as a percentage of covered payroll	20.38%	19.88%	19.88%	19.38%	19.13%	18.88%	18.38%	17.73%	16.88%	15.98%

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

See the accompanying independent auditors' report.

SCHOOL DISTRICT FREMONT RE-1
SCHEDULE OF THE EMPLOYER'S PROPORTIONATE SHARE
OF THE NET OPEB LIABILITY
JUNE 30, 2023

	2022	2021	2020	2019	2018	2017	2016
District's proportion of the net OPEB liability (asset)	0.2253771082%	0.2255831442%	0.2245896271%	0.2246314543%	0.2275321964%	0.2240863723%	0.2267039213%
District's proportionate share of the net OPEB liability (asset)	$ 1,840,157	$ 1,945,215	$ 2,134,107	$ 2,524,853	$ 3,095,671	$ 2,912,226	$ 2,939,293
District's covered payroll	$ 22,879,197	$ 21,592,455	$ 20,767,262	$ 20,197,923	$ 19,243,942	$ 18,192,582	$ 17,900,521
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	8.04%	9.01%	10.28%	12.50%	16.09%	16.01%	16.42%
Plan fiduciary net position as a percentage of the total OPEB liability	38.6%	39.4%	32.8%	24.5%	17.0%	17.5%	16.7%

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

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

See the accompanying independent auditors' report.

SCHOOL DISTRICT FREMONT RE-1
SCHEDULE OF THE EMPLOYER'S PAYROLL CONTRIBUTIONS - OPEB
JUNE 30, 2023

	2023	2022	2021	2020	2019	2018	2017
Contractually required contribution	$ 242,424	$ 226,614	$ 211,744	$ 210,747	$ 201,873	$ 189,384	$ 184,991
Contributions in relation to the contractually required contribution	(242,424)	(226,614)	(211,744)	(210,747)	(201,873)	(189,384)	(184,991)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$ 23,766,609	$ 22,216,860	$ 20,764,746	$ 20,661,154	$ 19,791,478	$ 18,519,996	$ 18,137,162
Contributions as a percentage of covered payroll	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%

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

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

See the accompanying independent auditors' report.

GENERAL FUND

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

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

SCHOOL DISTRICT FREMONT RE-1
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2023

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
REVENUES				
Local sources:				
Property taxes	$ 9,558,322	$ 9,645,045	$ 9,820,660	$ 175,615
Specific ownership taxes	1,692,797	1,708,155	1,739,257	31,102
Other local sources	1,764,887	1,780,791	1,800,997	20,206
Total local sources	13,016,006	13,133,991	13,360,914	226,923
State sources:				
State equalization	21,533,077	21,774,336	19,915,134	(1,859,202)
Other state funding	4,472,536	4,522,646	4,136,480	(386,166)
Total state sources	26,005,613	26,296,982	24,051,614	(2,245,368)
Federal sources	442,351	442,351	146,728	(295,623)
Total revenues	39,463,970	39,873,324	37,559,256	(2,314,068)
EXPENDITURES				
Instruction	20,542,890	21,179,269	20,149,177	1,030,092
Supporting services:				
Student services	1,877,478	1,524,865	1,320,571	204,294
Instructional staff	2,517,233	2,652,171	1,356,475	1,295,696
General administration	752,268	808,221	731,619	76,602
School administration	2,261,433	2,268,048	2,325,582	(57,534)
Business services	765,542	814,539	733,533	81,006
Operation and maintenance	4,271,319	4,327,858	4,663,413	(335,555)
Student transportation	891,780	906,661	772,868	133,793
Central services	1,728,405	1,965,393	1,812,263	153,130
Community services	101,306	112,728	314,977	(202,249)
Facilities acquisition and construction	15,500	15,500	49,619	(34,119)
Debt service	-	-	49,143	(49,143)
Total expenditures	35,725,154	36,575,253	34,279,240	2,296,013
Excess (deficiency) of revenues over expenditures	3,738,816	3,298,071	3,280,016	(18,055)
OTHER FINANCING SOURCES (USES)				
Transfers out	(3,908,715)	(3,635,725)	(1,954,001)	1,681,724
Total other financing sources (uses)	(3,908,715)	(3,635,725)	(1,954,001)	1,681,724
Net change in fund balance	(169,899)	(337,654)	1,326,015	1,663,669
Fund balance - beginning	7,003,703	7,799,145	7,799,145	-
Fund balance - ending	$ 6,833,804	$ 7,461,491	$ 9,125,160	$ 1,663,669

See the accompanying independent auditors' report.

GOVERNMENTAL DESIGNATED-PURPOSE GRANTS FUND

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

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

SCHOOL DISTRICT FREMONT RE-1
GOVERNMENTAL DESIGNATED-PURPOSE GRANTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2023

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
REVENUES				
Local sources	$ 40,000	$ 603,533	$ 319,884	$ (283,649)
State sources	6,204,000	2,617,124	2,302,121	(315,003)
Federal sources	8,254,915	8,955,741	7,963,251	(992,490)
Total revenues	14,498,915	12,176,398	10,585,256	(1,591,142)
EXPENDITURES				
Instruction	14,498,915	12,176,398	3,874,964	8,301,434
Supporting services:				
Student services	-	-	2,315,728	(2,315,728)
Instructional staff	-	-	1,474,048	(1,474,048)
General administration	-	-	21,649	(21,649)
School administration	-	-	149,424	(149,424)
Business services	-	-	367,066	(367,066)
Operation and maintenance	-	-	171,306	(171,306)
Student transportation	-	-	8,713	(8,713)
Central services	-	-	205,451	(205,451)
Other support services	-	-	287,741	(287,741)
Community services	-	-	636,609	(636,609)
Facilities acquisition and construction	-	-	1,157,557	(1,157,557)
Total expenditures	14,498,915	12,176,398	10,670,256	1,506,142
Excess (deficiency) of revenues over expenditures	-	-	(85,000)	(85,000)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	85,000	85,000
Total other financing sources (uses)	-	-	85,000	85,000
Net change in fund balance	-	-	-	-
Fund balance - beginning	-	-	-	-
Fund balance - ending	$ -	$ -	$ -	$ -

See the accompanying independent auditors' report.

ACTIVITIES – SPRECIAL REVENUE FUND

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

For financial reporting purposes, the Activities – Special Revenue Fund was determined to be a major fund of the District for the current fiscal year.

SCHOOL DISTRICT FREMONT RE-1
ACTIVITIES - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2023

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
REVENUES				
Local sources	$ 600,000	$ 600,000	$ 533,807	$ (66,193)
EXPENDITURES				
Instruction	600,000	600,000	348,460	251,540
Supporting services:				
Student services	-	-	106,680	(106,680)
Instructional staff	-	-	46,055	(46,055)
Food service operations	-	-	332	(332)
Total expenditures	600,000	600,000	501,527	98,473
Net change in fund balance	-	-	32,280	32,280
Fund balance - beginning	500,000	493,267	493,267	-
Fund balance - ending	$ 500,000	$ 493,267	$ 525,547	$ 32,280

See the accompanying independent auditors' report.

INDIVIDUAL FUND STATEMENTS AND SCHEDULES

BOND REDEMPTION FUND

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

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

SCHOOL DISTRICT FREMONT RE-1
BOND REDEMPTION FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2023

	Final Budget	Actual	Variance with Final Budget
REVENUES			
Local sources:			
Property taxes	$ 3,172,600	$ 3,810,001	$ 637,401
Other local sources	50,000	104,254	54,254
Total local sources	3,222,600	3,914,255	691,655
EXPENDITURES			
Debt service	3,172,600	3,172,600	-
Net change in fund balance	50,000	741,655	691,655
Fund balance - beginning	3,617,587	3,617,587	-
Fund balance - ending	$ 3,667,587	$ 4,359,242	$ 691,655

See the accompanying independent auditors' report.

CAPITAL PROJECTS FUND

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

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

SCHOOL DISTRICT FREMONT RE-1
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2023

	Final Budget	Actual	Variance with Final Budget
REVENUES			
Local sources	$ 98,220	$ 149,734	$ 51,514
Total revenues	98,220	149,734	51,514
EXPENDITURES			
Instruction	-	334,265	(334,265)
Supporting services:			
Operation and maintenance	-	236,600	(236,600)
Student transportation	-	-	-
Central services	-	89,075	(89,075)
Other support services	-	874,531	(874,531)
Facilities acquisition and construction	4,989,235	3,159,954	1,829,281
Debt service	535,826	409,630	126,196
Total expenditures	5,525,061	5,104,055	421,006
Excess (deficiency) of revenues over expenditures	(5,426,841)	(4,954,321)	472,520
OTHER FINANCING SOURCES (USES)			
Transfers in	723,327	723,327	-
Lease proceeds	4,703,514	8,634,020	3,930,506
Total other financing sources (uses)	5,426,841	9,357,347	3,930,506
Net change in fund balance	-	4,403,026	4,403,026
Fund balance - beginning	1,720,740	1,720,740	-
Fund balance - ending	$ 1,720,740	$ 6,123,766	$ 4,403,026

See the accompanying independent auditors' report.

NON-MAJOR GOVERNMENTAL FUNDS

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

Special Revenue Funds

Food Service Fund

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

Pupil Activity Fund

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

Capital Project Funds

Building Fund

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

SCHOOL DISTRICT FREMONT RE-1
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2023

	Food Service Fund	Pupil Activity Fund	Building Fund	Total Nonmajor Governmental Funds
ASSETS				
Cash and investments	$ 785,202	$ 95	$ 410,307	$ 1,195,604
Restricted cash and investments	-	-	6,922	6,922
Receivables	186,600	-	270,555	457,155
Due from other funds	859,574	42,755	-	902,329
Inventories and prepaid items	25,979	-	-	25,979
Total assets	$ 1,857,355	$ 42,850	$ 687,784	$ 2,587,989
LIABILITIES				
Accounts payable and other current liabilities	$ 29,841	$ -	$ 305,855	$ 335,696
Accrued salaries and benefits	117,602	42,850	-	160,452
Due to other funds	-	-	381,929	381,929
Total liabilities	147,443	42,850	687,784	878,077
FUND BALANCES				
Nonspendable for:				
Inventories and prepaid items	25,979	-	-	25,979
Committed for:				
Food service operations	1,683,933	-	-	1,683,933
Total fund balances	1,709,912	-	-	1,709,912
Total liabilities and fund balances	$ 1,857,355	$ 42,850	$ 687,784	$ 2,587,989

See the accompanying independent auditors' report.

SCHOOL DISTRICT FREMONT RE-1
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2023

	Food Service Fund	Pupil Activity Fund	Building Fund	Total Nonmajor Governmental Funds
REVENUES				
Local sources	$ 327,250	$ 149,065	$ 15,859	$ 492,174
State sources	27,841	-	1,443,697	1,471,538
Federal sources	1,571,885	-	-	1,571,885
Total revenues	1,926,976	149,065	1,459,556	3,535,597
EXPENDITURES				
Instruction	-	509,934	-	509,934
Supporting services	1,450	424,882	-	426,332
Food service operations	2,070,974	-	-	2,070,974
Facilities acquisition and construction	-	-	1,819,574	1,819,574
Total expenditures	2,072,424	934,816	1,819,574	4,826,814
Excess (deficiency) of revenues over expenditures	(145,448)	(785,751)	(360,018)	(1,291,217)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	785,656	360,018	1,145,674
Net change in fund balances	(145,448)	(95)	-	(145,543)
Fund balances - beginning	1,855,360	95	-	1,855,455
Fund balances - ending	$ 1,709,912	$ -	$ -	$ 1,709,912

See the accompanying independent auditors' report.

SCHOOL DISTRICT FREMONT RE-1
FOOD SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2023

	Final Budget	Actual	Variance with Final Budget
REVENUES			
Local sources	$ 259,010	$ 327,250	$ 68,240
State sources	41,000	27,841	(13,159)
Federal sources	1,573,400	1,571,885	(1,515)
Total revenues	1,873,410	1,926,976	53,566
EXPENDITURES			
Supporting services	-	1,450	(1,450)
Food service operations	1,993,325	2,070,974	(77,649)
Total expenditures	1,993,325	2,072,424	(80,549)
Net change in fund balance	(119,915)	(145,448)	(26,983)
Fund balance - beginning	1,855,360	1,855,360	-
Fund balance - ending	$ 1,735,445	$ 1,709,912	$ (26,983)

See the accompanying independent auditors' report.

SCHOOL DISTRICT FREMONT RE-1
PUPIL ACTIVITY FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2023

	Final Budget	Actual	Variance with Final Budget
REVENUES			
Local sources	$ 230,000	$ 149,065	$ (80,935)
EXPENDITURES			
Instruction	957,500	509,934	447,566
Supporting services:			
Student services	-	3,992	(3,992)
Instructional staff	-	420,890	(420,890)
Total expenditures	957,500	934,816	22,684
Excess (deficiency) of revenues over expenditures	(727,500)	(785,751)	(58,251)
OTHER FINANCING SOURCES (USES)			
Transfers in	727,405	785,656	58,251
Net change in fund balance	(95)	(95)	-
Fund balance - beginning	95	95	-
Fund balance - ending	$ -	$ -	$ -

See the accompanying independent auditors' report.

SCHOOL DISTRICT FREMONT RE-1
BUILDING FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2023

	Final Budget	Actual	Variance with Final Budget
REVENUES			
Local sources	$ 7,500	$ 15,859	$ 8,359
State sources	2,800,432	1,443,697	(1,356,735)
Total revenues	2,807,932	1,459,556	(1,348,376)
EXPENDITURES			
Facilities acquisition and construction	2,807,932	1,819,574	988,358
Total expenditures	2,807,932	1,819,574	988,358
Excess (deficiency) of revenues over expenditures	-	(360,018)	(360,018)
OTHER FINANCING SOURCES (USES)			
Transfers in	-	360,018	360,018
Net change in fund balance	-	-	-
Fund balance - beginning	-	-	-
Fund balance - ending	$ -	$ -	$ -

See the accompanying independent auditors' report.

FIDUCIARY FUNDS

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

Private-Purpose Trust Fund

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

SCHOOL DISTRICT FREMONT RE-1
SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION
BUDGET AND ACTUAL
PRIVATE-PURPOSE TRUST FUND
FOR THE YEAR ENDED JUNE 30, 2023

	Final Budget	Actual	Variance with Final Budget
ADDITIONS			
Investment income	$ 5,000	$ 19,555	$ 14,555
Donations	-	50,571	50,571
Total additions	5,000	70,126	65,126
DEDUCTIONS			
Scholarship awards	25,000	8,000	17,000
Change in net position	(20,000)	62,126	82,126
Net position - beginning	418,609	418,609	-
Net position - ending	$ 398,609	$ 480,735	$ 82,126

See the accompanying independent auditors' report.

COMPLIANCE SECTION

SINGLE AUDIT

SCHOOL DISTRICT FREMONT RE-1
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Assistance Listing Number	Additional Award Identification	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. Department of Agriculture					
Child Nutrition Cluster					
Passed Through Colorado Department of Education					
School Breakfast Program (SBP)	10.553		4553	$ -	$ 381,568
National School Lunch Program	10.555		4555, 6555		1,018,845
Summer Food Service Program for Children	10.559	COVID-19	4559		79,506
Fresh Fruit and Vegetable Program (FFVP)	10.582		4582		5,067
Passed Through Colorado Department of Human Services					
National School Lunch Program	10.555		4555		86,900
Total Child Nutrition Cluster					1,571,886
Forest Service Schools and Roads Cluster					
Passed Through Fremont County, Colorado					
Schools and Roads - Grants to States	10.665		7665		73,883
Total Forest Service Schools and Roads Cluster					73,883
Passed Through Colorado Department of Education					
State Pandemic Electronic Benefit Transfer (P-EBT) Administrative Costs Grants	10.649	COVID-19	4649		3,135
Total U.S. Department of Agriculture					1,648,904
U.S. Department of Defense					
Direct Programs					
Reserve Officer Training Corps (ROTC)	12.Unknown		9001		69,709
Total U.S. Department of Defense					69,709
U.S. Department of Justice					
Direct Programs					
Public Safety Partnership and Community Policing Grants	16.710		8710		153,498
Total U.S. Department of Justice					153,498
National Endowment for the Humanities					
Direct Programs					
Grants to States	45.310		7310		3,405
Total National Endowment for the Humanities					3,405
U.S. Department of Education					
Passed Through Colorado Department of Education					
Special Education Cluster					
Special Education: Grants to States IDEA Part B	84.027		4027		762,838
Special Education: Grants to States IDEA Part B	84.027X		6027		69,267
Special Education: Preschool Grants	84.173		4173		47,526
Total Special Education Cluster					879,631
Title I Grants to Local Educational Agencies	84.010		4010, 5010, 7010		1,120,682
Twenty-First Century Community Learning Centers	84.287C		7287		112,608
Rural Education	84.358B		6358		7,126
Teacher and Principal Training and Recruiting Fund	84.367		4367		193,271
Student Support and Academic Enrichment Program	84.424A		4424		72,812
Education Stabilization Fund					
ESSER III	84.425U	COVID-19	4414, 9414, 4434, 4431		3,450,946
ESSER II	84.425D	COVID-19	4420, 4430, 4419		$ 884,410

See the accompanying independent auditors' report.

SCHOOL DISTRICT FREMONT RE-1
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Assistance Listing Number	Additional Award Identification	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
Passed through Colorado Community College System					
Vocational Education - Carl Perkins	84.048		4048		34,904
Total U.S. Department of Education					6,756,390
U.S. Department of Health and Human Services					
CCDF Cluster					
Passed Through Colorado Department of Human Services					
Child Care and Development Block Grant	93.575		7575	-	490,818
Total CCDF Cluster				-	490,818
Total U.S. Department of Health and Human Services					
Total Federal Awards				$ -	$ 9,122,724

See the accompanying independent auditors' report.

SCHOOL DISTRICT FREMONT RE-1
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of School District Fremont RE-1 under programs of the federal government for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles,* and *Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of School District Fremont RE-1, it is not intended to and does not present the financial position, changes in net position, or cash flows of School District Fremont RE-1.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

NOTE 3 – INDIRECT COST RATE

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

NOTE 4 – NON-CASH ASSISTANCE

During the year end June 30, 2023, School District Fremont RE-1 received $86,900 in non-cash assistance in the form of food commodities. Valuation of commodities is based on fair market value at the time of receipt.

Hoelting & Company, Inc.
CERTIFIED PUBLIC ACCOUNTANTS

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

To the Board of Education
School District Fremont RE-1

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of School District Fremont RE-1, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise School District Fremont RE-1's basic financial statements, and have issued our report thereon dated December 7, 2023. The financial statements of the discretely presented component units were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or compliance and other matters associated with those component units.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered School District Fremont RE-1's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of School District Fremont RE-1's internal control. Accordingly, we do not express an opinion on the effectiveness of School District Fremont RE-1's internal control.

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

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

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Report on Compliance and Other Matters

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

Purpose of This Report

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

Hoelting & Company Inc.

Colorado Springs, Colorado
December 7, 2023

Hoelting & Company, Inc.
CERTIFIED PUBLIC ACCOUNTANTS

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

To the Board of Education
School District Fremont RE-1

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited School District Fremont RE-1's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of School District Fremont RE-1's major federal programs for the year ended June 30, 2023. School District Fremont RE-1's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, School District Fremont RE-1 complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of School District Fremont RE-1 and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of School District Fremont RE-1's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to School District Fremont RE-1's federal programs.

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Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on School District Fremont RE-1's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about School District Fremont RE-1's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding School District Fremont RE-1's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of School District Fremont RE-1's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of School District Fremont RE-1's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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 a deficiency in internal control over compliance that we consider to be a significant deficiency.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. During our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses in internal control over compliance may exist that were not identified.

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 the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2023-001 to be a significant deficiency.

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 School District Fremont RE-1's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. School District Fremont RE-1'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.

Hoelting & Company Inc.

Colorado Springs, Colorado
December 7, 2023

SCHOOL DISTRICT FREMONT RE-1
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023

Section I—Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	___ yes _x_ no
• Significant deficiency(ies) identified?	___ yes _x_ none reported
Noncompliance material to financial statements noted?	___ yes _x_ no

Federal Awards

Internal control over major programs?	
• Material weakness(es) identified?	___ yes _x_ no
• Significant deficiency(ies) identified?	_x_ yes ___ none reported
Type of auditors' report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	___ yes _x_ no

Identification of major programs:

Assistance Listing #	Name of Federal Program or Cluster
ALN 84.027 & 84.173	Special Education Cluster
ALN 84.367	Teacher and Principal Training and Recruiting Fund
ALN 84.425 D&U	Education Stabilization Fund

Dollar threshold used to distinguish between type A and type B programs?	$750,000
Auditee qualified as low-risk auditee?	_x_ yes ___ no

Section II—Financial Statement Findings

No findings reported.

Section III—Findings and Questioned Costs for Federal Awards

2023-001 Eligibility for Teacher and Principal Training and Recruiting Fund

Federal program:	ALN 84.367	Teacher and Principal Training and Recruiting Fund
Federal agency:		U.S. Department of Education
Pass-through entity:		Colorado Department of Education

Criteria: An LEA applies to the SEA for program funding and the amount of the LEA's allocation that the SEA provides is based on the poverty measure that is reported to the SEA. In this case the District used free and reduced lunch counts to as the poverty measure to report to the SEA.

Condition: While we believe the District accurately reported the poverty measure to the SEA, the District was unable to timely provide supporting schedules that tied back to the data reported to the SEA.

Questioned costs: None noted.

Context: While performing testing over eligibility it was determined that the reports that were generated by the District's food service software did not agree to the applications that were filled out, the data that was entered into the software, or the data provided to the state.

Effect: We were not able to reconcile the data that was provided from the food service software to the applications that had been submitted.

Cause: Controls to ensure that reported eligibility data agreed to the food service software reporting were not in place.

Recommendation: Management should implement procedures that include the verification and reconciliation of eligibility data at the time of reporting to the SEA and maintain the reports that are produced at that time.

Views of responsible officials and planned corrective action: Management agrees with this finding and is working on implementing a verification and reconciliation process and will ensure that future reports are maintained at the time of reporting.

CAÑON CITY SCHOOLS
SCHOOL DISTRICT FREMONT RE-1

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The Summary Schedule of Prior Audit Findings (the Summary) summarizes the status of the audit findings reported in the School District Fremont RE-1 Schedule of Findings and Questioned Costs for the year ended June 30, 2022. If the prior audit finding was fully addressed, the Summary indicates that the corrective action described in the prior audit report was taken or that corrective action is no longer needed. Otherwise, the Summary references the page number of the June 30, 2023 single audit report where a repeat recommendation, description of the planned corrective action, or reason for not implementing the recommendation is presented.

There were no prior year audit findings.

CAÑON CITY SCHOOLS
SCHOOL DISTRICT FREMONT RE-1
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ADMINISTRATIVE STAFF
ADAM HARTMAN
Superintendent of Schools
HEIDI ANDERSON
Chief Financial Officer
JAMIE DAVIS
Director of Human Resources
BRIAN ZAMARRIPA
Director of Curriculum and Asses
TIM RENN
Director of Special Services
SHAUN KOHL
Director of Technology
PAULA BUSER
Director of Support Services
SCOTT MORTON
Director of Operations

CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED JUNE 30, 2023

2023-001 Eligibility for Teacher and Principal Training and Recruiting Fund

Federal program:	ALN 84.367	Teacher and Principal Training and Recruiting Fund
Federal agency:		U.S. Department of Education
Pass-through entity:		Colorado Department of Education

Criteria: An LEA applies to the SEA for program funding and the amount of the LEA's allocation that the SEA provides is based on the poverty measure that is reported to the SEA. In this case the District used free and reduced lunch counts to as the poverty measure to report to the SEA.

Condition: While we believe the District accurately reported the poverty measure to the SEA, the District was unable to timely provide supporting schedules that tied back to the data reported to the SEA.

Management Response and Planned Corrective Actions Criteria: Management agrees with this finding and is working on implementing a verification and reconciliation process and will ensure that future reports are maintained at the time of reporting.

Responsibility for Corrective Action: Heidi Anderson, CFO

Anticipated Completion Date: Fall 2023

STATE COMPLIANCE

Hoelting & Company, Inc.
CERTIFIED PUBLIC ACCOUNTANTS

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

To the Board of Education
School District Fremont RE-1

We have audited the accompanying financial statements of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the School District Fremont RE-1, as of and for the year ended June 30, 2023 and the related notes to the financial statements, which collectively comprise the School District Fremont RE-1's basic financial statements as listed in the table of contents. Our report thereon, dated December 7, 2023, expressed an unmodified opinion on those financial statements.

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

Hoelting & Company, Inc.

Colorado Springs, Colorado
December 7, 2023

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Colorado Department of Education

Auditors Integrity Report

District: 1140 - Canon City RE-1
Fiscal Year 2022-23
Colorado School District/BOCES

Revenues, Expenditures, & Fund Balance by Fund

Fund Type &Number Governmental	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 =
10 General Fund	6,909,345	34,190,119	32,486,451	8,613,012
18 Risk Mgmt Sub-Fund of General Fund	582,852	62,155	471,590	173,417
19 Colorado Preschool Program Fund	306,949	1,352,981	1,321,198	338,731
Sub- Total	7,799,145	35,605,255	34,279,240	9,125,160
11 Charter School Fund	1,057,323	2,738,159	2,809,740	985,742
20,26-29 Special Revenue Fund	493,269	533,807	501,528	525,548
06 Supplemental Cap Const, Tech, Main. Fund	0	0	0	0
07 Total Program Reserve Fund	0	0	0	0
21 Food Service Spec Revenue Fund	1,855,360	1,926,977	2,072,425	1,709,912
22 Govt Designated-Purpose Grants Fund	0	10,670,256	10,670,256	0
23 Pupil Activity Special Revenue Fund	95	934,721	934,816	0
25 Transportation Fund	0	0	0	0
31 Bond Redemption Fund	3,617,587	3,914,255	3,172,600	4,359,242
39 Certificate of Participation (COP) Debt Service Fund	0	0	0	0
41 Building Fund	0	1,819,573	1,819,573	0
42 Special Building Fund	0	0	0	0
43 Capital Reserve Capital Projects Fund	1,720,740	9,507,081	5,104,055	6,123,766
46 Supplemental Cap Const, Tech, Main Fund	0	0	0	0
Totals	16,543,519	67,650,083	61,364,232	22,829,370
Proprietary				
50 Other Enterprise Funds	0	0	0	0
64 (63) Risk-Related Activity Fund	0	0	0	0
60,65-69 Other Internal Service Funds	0	0	0	0
Totals	0	0	0	0
Fiduciary				
70 Other Trust and Agency Funds	1,069,188	-143,019	44,694	881,475
72 Private Purpose Trust Fund	418,609	70,126	8,000	480,735
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	1,487,797	-72,893	52,694	1,362,210

FINAL