

BACA COUNTY SCHOOL DISTRICT NO. RE-5

FINANCIAL STATEMENTS

June 30, 2024

DRAFT

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FINANCIAL SECTION

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Board of Education
Baca County School District RE-5
Vilas, Colorado

INDEPENDENT AUDITORS' REPORT

Report on the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Baca County School District RE-5 (the "District") as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Baca County School District RE-5 as of June 30, 2024, and the respective changes in financial position, 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 (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Baca County School District RE-5 and to meet our 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 the accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

PRITCHETT SCHOOL DISTRICT NO. RE-3

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2024

In performing an audit in accordance with GAAS, we:

- Exercise professional judgement 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 of 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 of the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required budgetary and pension information on pages 42-46 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 (GASB) 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 and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual fund financial statements and State Compliance as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements.

The combining and individual fund financial statements and State Compliance have 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 schedules are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

December xx, 2024

BASIC FINANCIAL STATEMENTS

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BACA COUNTY SCHOOL DISTRICT NO. RE-5

STATEMENT OF NET POSITION

June 30, 2024

	GOVERNMENTAL ACTIVITIES
ASSETS	
Cash and Investments	\$ 2,434,116
Taxes Receivable	19,570
Grants Receivable	190,464
Accounts Receivable	3,085
Inventories	291
Capital Assets, Not Depreciated	1,008,391
Capital Assets, Depreciated	
Net of Accumulated Depreciation	<u>7,592,013</u>
TOTAL ASSETS	<u>11,247,930</u>
DEFERRED OUTFLOWS OF RESOURCES	
Related to Pensions	384,596
Related to OPEB	<u>16,057</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>400,653</u>
LIABILITIES	
Accounts Payable	173,661
Accrued Expenses	-
Accrued Salaries and Benefits	85,726
Accrued Interest Payable	15,133
Unearned Revenues	99,367
Noncurrent Liabilities	
Compensated Absences	43,353
Net Pension Liability	1,952,524
Net OPEB Liability	46,510
Due Within One Year	28,107
Due in More Than One Year	<u>446,648</u>
TOTAL LIABILITIES	<u>2,891,029</u>
DEFERRED INFLOWS OF RESOURCES	
Related to Pensions	18,651
Related to OPEB	<u>19,656</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>38,307</u>
NET POSITION	
Net Investment in Capital Assets	8,110,516
Restricted for Emergencies	33,874
Unrestricted	<u>574,857</u>
TOTAL NET POSITION	<u><u>\$ 8,719,247</u></u>

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

BACA COUNTY SCHOOL DISTRICT NO. RE-5

STATEMENT OF ACTIVITIES

Year Ended June 30, 2024

FUNCTIONS/PROGRAMS	Expenses	PROGRAM REVENUES			Net (Expense) Revenue and and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
PRIMARY GOVERNMENT					
Governmental Activities					
Instruction	\$ 2,195,891	\$ -	\$ 395,750	\$ -	\$ (1,800,141)
Supporting Services	1,066,689	3,414	267,921	200,383	(594,971)
Total Governmental Activities	<u>\$ 3,262,580</u>	<u>\$ 3,414</u>	<u>\$ 663,671</u>	<u>\$ 200,383</u>	(2,395,112)
GENERAL REVENUES					
					162,108
					18,404
					3,183,100
					155,455
					25,208
					3,192
					<u>(61,275)</u>
					<u>3,486,192</u>
					1,091,080
					<u>7,628,167</u>
					<u>\$ 8,719,247</u>

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

BACA COUNTY SCHOOL DISTRICT NO. RE-5

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2024

	GENERAL	BUILDING	NONMAJOR FUNDS	TOTALS 2024
ASSETS				
Cash and Investments	\$ 2,422,882		\$ 11,234	2,434,116
Taxes Receivable	19,570	-	-	19,570
Grants Receivable	155,212	35,252	-	190,464
Accounts Receivable	-	-	3,085	3,085
Inventories	-	-	291	291
Due from Other Funds	114,336	-	95,300	209,636
TOTAL ASSETS	\$ 2,712,000	\$ 35,252	\$ 109,910	\$ 2,857,162
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 173,661	\$ -	\$ -	\$ 173,661
Accrued Salaries and Benefits	85,726	-	-	85,726
Due to Other Funds	97,815	54,586	57,235	209,636
Unearned Revenues	85,114	-	-	85,114
Deferred Tax Revenues	14,253	-	-	14,253
TOTAL LIABILITIES	456,569	54,586	57,235	568,390
FUND BALANCES				
Restricted for Emergencies	33,874	-	-	33,874
Committed for Capital Outlay	-	-	16	16
Restricted for Food Service	-	-	49,975	49,975
Assigned for Student Activities	-	-	2,684	2,684
Unassigned	2,221,557	(19,334)	-	2,202,223
TOTAL FUND BALANCES	2,255,431	(19,334)	52,675	2,288,772
TOTAL LIABILITIES AND FUND BALANCES	\$ 2,712,000	\$ 35,252	\$ 109,910	

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

Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	8,600,404
Long-term liabilities, including lease payable (\$474,755), accrued interest (\$15,133), and compensated absences (\$43,353) are not due and payable in the current period and are not reported in the funds.	(533,241)
Long-term liabilities and assets related to pensions are not due and payable in the current period and therefore, are not reported in the funds. This liability includes net pension liability (\$1,952,524), net OPEB liability (\$46,510), deferred outflows related to pensions and OPEB \$400,653, and deferred inflows related to pensions and OPEB (\$38,307).	(1,636,688)
Net position of governmental activities	<u>\$ 8,719,247</u>

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

BACA COUNTY SCHOOL DISTRICT NO. RE-5

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2024

	GENERAL	BUILDING	NONMAJOR FUNDS	TOTALS 2024
REVENUES				
Local Sources	\$ 358,017	\$ 350	\$ 23,300	\$ 381,667
State Sources	3,426,381	-	336	3,426,717
Federal Sources	370,163	287,008	50,236	707,407
TOTAL REVENUES	4,154,561	287,358	73,872	4,515,791
EXPENDITURES				
Current				
Instruction	2,011,084	-	36,498	2,047,582
Supporting Services	1,078,182	-	102,145	1,180,327
Capital Outlay	-	306,692	48,284	354,976
TOTAL EXPENDITURES	3,089,266	306,692	186,927	3,582,885
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	1,065,295	(19,334)	(113,055)	932,906
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	95,300	95,300
Transfers Out	(95,300)	-	-	(95,300)
TOTAL OTHER FINANCING SOURCES (USES)	(95,300)	-	95,300	-
NET CHANGE IN FUND BALANCES	969,995	(19,334)	(17,755)	932,906
FUND BALANCES, Beginning as restated	1,285,436	-	70,430	1,355,866
FUND BALANCES, Ending	\$ 2,255,431	\$ (19,334)	\$ 52,675	\$ 2,288,772

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

BACA COUNTY SCHOOL DISTRICT NO. RE-5

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

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

Net change in fund balances - total governmental funds	\$ 846,281
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expense in the statement of activities. This is the amount by which capital outlay \$354,976 exceeded depreciation expense of \$170,871, and loss on disposal of assets (\$61,275) in the current period.	430,327
Property tax revenues received prior to the year for which they are being levied or are not available at year end statement of activities. Deferred property tax revenues decreased this year.	(17,423)
Deferred Charges related to pensions and OPEB are not recognized in the governmental funds. However, for the government-wide funds that amounts are capitalized and amortized.	(154,350)
Some expenses reported in the statement of activities do not require current financial resources and are not reported in the funds. These are capital lease payments and changes in accrued compensated absences.	<u>(13,755)</u>
Change in net position of governmental activities	<u><u>\$ 1,091,080</u></u>

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

BACA COUNTY SCHOOL DISTRICT NO. RE-5

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2024

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Baca County School District RE-5 (the “District”) conform to generally accepted accounting principles as applicable to governmental units. Following is a summary of the more significant policies:

Reporting Entity

The financial reporting entity consists of the District and organizations for which the District is financially accountable. All funds, organizations, institutions, agencies, departments and offices that are not legally separate are part of the District. In addition, any legally separate organizations for which the District is financially accountable are considered part of the reporting entity. Financial accountability exists if the District appoints a voting majority of the organization’s governing board and is able to impose its will on the organization, or if the organization provides benefits to, or imposes financial burdens on the District.

This District is not included in any other governmental "reporting entity" as defined in GASB No. 14 and does not include any other component unit as part of its "reporting entity". As required by accounting principles generally accepted in the USA, these basic financial statements present the District (the primary government).

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of Net Position and the statement of activities) report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the District is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of the given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2024

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide and Fund Financial Statements (Continued)

Program revenues include 1) charges to students or other customers who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*. Internally dedicated resources are reported as general revenues rather than as program revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds (General Fund and Building Fund) and individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

Property taxes, specific ownership taxes, grants, and interest 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. All other revenue items are considered to be measurable and available only when cash is received by the District.

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

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2024

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the fund's principal ongoing operations.

Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

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

The *General Fund* is the District's primary operating fund; used to account for all resources that are not required legally or by sound financial management to be accounted for in another fund.

The *Building Fund* accounts for the activity of the construction of a building.

Assets, Liabilities and Fund Balance/Net Position

Cash and Investments – Cash represents amounts on deposit with financial institutions or held by the District. The District is allowed to invest in the following types of investments: short-term certificates of deposit, repurchase agreements, money market deposit accounts, mutual funds, government pools, and U.S. Treasury Obligations. The District considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Investments are recorded at fair value in accordance with GASB Statement No. 72 Fair Value Measurement and Application. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

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

Inventories – Inventories of proprietary funds are valued at the lower of cost (first-in, first-out) or market.

BACA COUNTY SCHOOL DISTRICT NO. RE-5

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2024

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Due To and Due From Other Funds – Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed.

Capital Assets – Capital assets, which include property and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital 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 one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

The District's capital assets are depreciated using the straight-line method over the estimated useful lives of the fixed assets (5-40 years). Depreciation of all capital assets is charged as an expense against their operations. Depreciation is recorded in the year of acquisition.

Deferred Outflows/Inflows of Resources – In addition to assets, the statement of financial position and balance sheets 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 and fund balance 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 the liabilities, the statement of financial position and balance sheets 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 and fund balance that applies to a futures period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Unearned Revenues – The unearned revenues include amounts received but not yet available for expenditure.

Vacation, Sick Leave, and Other Compensated Absences – District employees are entitled to certain compensated absences based on their length of employment and are allowed to accumulate unused absences. These compensated absences are recognized as current salary costs when accrued in the proprietary fund types and when paid in the governmental fund types. A long-term liability has been recorded in the government-wide financial statements for the accrued compensated absences.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2024

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Long-Term Debt – In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary funds. The District records long-term debt of governmental funds at face value. Capital leases are serviced from property taxes and other revenues of the General Fund.

Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of 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 current expenditures.

Net Position– The government-wide and business-type fund financial statements utilize a net position presentation. Net position is categorized as investment in capital assets, restricted, and unrestricted.

Net Investment in Capital Assets is intended to reflect the portion of net position which are associated with non-liquid, capital assets less outstanding capital asset related debt. The net related debt is the debt less the outstanding liquid assets and any associated unamortized cost.

Restricted Net Position are liquid assets, which have third party limitations on their use.

Unrestricted Net Position represents assets that do not have any third party limitation on their use. While School management may have categorized and segmented portion for various purposes, the School Board has the unrestricted right to revisit or alter these managerial decisions.

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 used in the governmental fund financial statements are as follows:

- Nonspendable – This classification includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact. The District does not have any nonspendable resources as of June 30, 2024.

BACA COUNTY SCHOOL DISTRICT NO. RE-5

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2024

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

- 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. The District has classified Emergency Reserves as being restricted because their use is restricted by State Statute for declared emergencies. They have also restricted funds for preschool expenses and food service.
- Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Directors. These amounts cannot be used for any other purpose unless the Board of Directors removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed 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. The District has committed resources for capital outlay at June 30, 2024.
- Assigned – These amounts do not meet the criteria to be classified as restricted or committed but are intended to be used for specific purposes. The District has assigned resources to be used for student activities.
- 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.

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 fund balances.

Property Tax Revenues

Property taxes are levied on December 15 based on the assessed value of property as certified by the County Assessor on October 1. The property tax may be paid in total by April 30 or one-half payment by February 28 and the second half by June 15. The billings are considered due on these dates. The bill becomes delinquent and penalties and interest may be assessed by the County Treasurer on the post mark day following these dates. The tax sale date is the first Thursday of November. Under Colorado Law, all property taxes become due and payable on January 1, in the year following that in which they are levied.

BACA COUNTY SCHOOL DISTRICT NO. RE-5

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2024

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets

Budgets are adopted for all funds, except the Building Fund on a basis consistent with generally accepted accounting principles. The budgeted revenues and expenditures represent the original adopted budget as subsequently adjusted by the Board of Education in accordance with Colorado School Laws. Budgets are generally prepared on the same basis as that used for accounting purposes. All annual appropriations lapse at fiscal year end.

The District adheres to the following procedures in establishing the budgetary data reflected in the financial statements:

- Prior to June 1, the Business Manager submits to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted by the Board of Education to obtain taxpayer comments.
- Prior to June 30, the budget is adopted by formal resolution.
- Expenditures may not legally exceed appropriations at the fund level.
- Revisions that alter the total expenditures of any fund must be approved by the Board of Education.
- Budgeted amounts reported in the accompanying financial statements are as originally adopted or amended by the Board of Education.
- Encumbrances represent a commitment for the estimated amount of expenditures which could ultimately result from the fulfillment of uncompleted purchase orders and contracts. Encumbrances lapse at the end of each fiscal year (June 30). Lapsed encumbrances are then reviewed by department heads to determine those which will remain canceled and those which will be reinstated and paid from appropriations for the following year. Encumbrances are therefore not considered expenditures until an actual liability is incurred. Encumbrances are not shown as a reservation of fund equity at fiscal year-end because they have lapsed and are pending reinstatement.

State Compliance

For the year ended June 30, 2024, actual expenditures in the Food Service Fund and Pupil Activity Fund exceeded budgeted amounts by \$1,796 and \$21,488. This may be a violation of state statute.

BACA COUNTY SCHOOL DISTRICT NO. RE-5

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2024

NOTE 3: CASH AND INVESTMENTS

A reconciliation of the cash and investment components on the balance sheet to the cash and investments categories in this footnote are as follows:

Petty Cash	\$ 2,000
Deposits	<u>2,432,116</u>
Total Cash and Investments	<u>\$ 2,434,116</u>

Deposits

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. 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.

At June 30, 2024, State regulatory commissioners have indicated that all financial institutions holding deposits for the District are eligible public depositories. 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 District has no policy regarding custodial credit risk for deposits.

At June 30, 2024, the District had deposits with financial institutions with a carrying amount of \$2,432,116. The bank balances with the financial institutions were \$2,570,575. Of these balances, \$498,079 was covered by federal depository insurance and \$2,078,496 was covered by collateral held by authorized escrow agents in the financial institutions name (PDPA).

Interest Rate Risk

The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

BACA COUNTY SCHOOL DISTRICT NO. RE-5

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2024

NOTE 3: CASH AND INVESTMENTS (Continued)

Credit Risk

Colorado statutes specify in which instruments the units of local government may invest which includes:

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

The District has no investments as of June 30, 2024.

NOTE 4: INTERFUND BALANCES AND TRANSFERS

Interfund Balances at June 30, 2024 total \$209,636 and are created by timing differences in cash payments.

Below is a schedule of interfund transfers made during the year ended June 30, 2024.

<u>Transfers To Other Funds</u>	<u>Transfers From Other Funds</u>	<u>Amount</u>
General Fund	Food Service	\$ 47,000
General Fund	Capital Reserve Fund	<u>48,300</u>
Total		<u>\$ 95,300</u>

The transfers were made to offset additional operating and capital costs. These transfers are budgeted annually. The transfers are eliminated from the government fund statements during the consolidation of governmental activities.

BACA COUNTY SCHOOL DISTRICT NO. RE-5

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 5: CAPITAL ASSETS

	Balances <u>6/30/2023</u>	<u>Additions</u>	<u>Deletions</u>	Balances <u>6/30/2024</u>
Governmental Activities				
Capital Assets, not depreciated				
Land	\$ 31,926	\$ -	\$ -	\$ 31,926
Construction in Progress	<u>7,185,696</u>	<u>307,497</u>	<u>6,516,730</u>	<u>976,463</u>
Total Capital Assets, not depreciated	<u>7,217,624</u>	<u>307,497</u>	<u>6,516,730</u>	<u>1,008,391</u>
 Capital Assets, depreciated				
Buildings	1,824,337	6,824,227	257,054	8,381,510
Food Service	84,778	-	51,302	33,476
Vehicles	565,343	119,075	257,889	426,529
Equipment	<u>1,227,025</u>	<u>40,185</u>	<u>1,098,103</u>	<u>169,107</u>
Total Capital Assets, depreciated	<u>3,701,483</u>	<u>6,983,487</u>	<u>1,674,348</u>	<u>9,010,622</u>
 Less Accumulated Depreciation				
Buildings	980,614	258,561	267,054	972,121
Food Service	57,934	2,853	196,614	9,488
Vehicles	492,564	14,426	51,302	310,376
Equipment	<u>1,217,915</u>	<u>6,812</u>	<u>1,098,103</u>	<u>594,903</u>
Total Accumulated Depreciation	<u>2,749,030</u>	<u>282,652</u>	<u>1,613,073</u>	<u>1,418,609</u>
 Total Capital Assets, depreciated, Net	<u>952,453</u>	<u>6,700,835</u>	<u>61,275</u>	<u>7,592,013</u>
Governmental Activities, Capital Assets, Net	<u>\$ 8,170,077</u>	<u>\$ 7,008,332</u>	<u>\$ 6,578,005</u>	<u>\$ 8,600,404</u>

Depreciation expense was charged to functions/programs of the District as follows:

Governmental Activities

Instruction	\$ -
Supporting Services	<u>282,652</u>
 Total:	 <u>\$ 282,652</u>

NOTE 6: ACCRUED SALARIES AND BENEFITS

Salaries and retirement benefits of certain contractually employed personnel are paid over a twelve month period from September to August, but are earned during a school year of approximately nine to ten months. The salaries and benefits earned, but unpaid, at June 30, 2024, are estimated to be \$85,726. Accordingly, the accrued compensation is reflected as a liability in the accompanying financial statements of the various funds.

BACA COUNTY SCHOOL DISTRICT NO. RE-5

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2024

NOTE 7: LONG-TERM DEBT

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

	Balance <u>6/30/2023</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>6/30/2024</u>	Due In <u>One Year</u>
Debt from Direct Borrowings					
Direct Placements					
Capital Lease	501,716	-	26,961	474,755	28,107
Compensated Absences	-	<u>43,353</u>	-	<u>43,353</u>	-
 Total	 <u>\$ 501,716</u>	 <u>\$ 43,353</u>	 <u>\$ 26,961</u>	 <u>\$ 518,108</u>	 <u>\$ 28,107</u>

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

Capital Lease

In 2023, the District executed a lease purchase agreement of \$550,000 for equipment related to a school improvement project. The lease purchase agreement is for a period of 15 years with interest of 4.25% per annum and yearly payments of \$48,824.

Annual debt service requirements to maturity for the lease purchase agreement are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 28,107	\$ 20,177	\$ 48,284
2026	29,302	18,982	48,284
2027	30,547	17,737	48,284
2028	31,845	16,439	48,284
2029	33,199	15,085	48,284
2030 – 2034	188,395	53,026	241,421
2035 – 2037	<u>133,360</u>	<u>11,492</u>	<u>144,852</u>
 Total Debt Service Requirements	 <u>\$ 474,755</u>	 <u>\$ 152,938</u>	 <u>\$ 627,693</u>

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2024

NOTE 8: JOINTLY GOVERNED ORGANIZATIONS

BOCES

Not reflected in the accompanying financial statements is the District's participation in the Southeastern Board of Cooperative Educational Services (BOCES). The BOCES is an organization that provides member districts educational services at a shared lower cost per District. The District has one member on the Board. The Board has final authority for all budgeting and financing of the joint venture. The BOCES by-laws indicate that the entity is to have perpetual existence, but in the event of its dissolution, all assets shall be divided among member school districts on a pro rate basis determined by the BOCES board. The BOCES financial statements can be obtained at their office located at 7784 Saddle Club Drive in Lamar, CO 81052.

NOTE 9: DEFINED BENEFIT PENSION PLAN

Summary of Significant Accounting Policies

Pensions. The District's 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.

General Information about the Pension Plan

Plan description. Eligible employees of the District 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, 2023. 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.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2024

NOTE 9: DEFINED BENEFIT PENSION PLAN (Continued)

General Information about the Pension Plan (Continued)

Retirement eligibility is specified in tables set forth at C.R.S. § 24-51-602, 604, 1713, and 1714.

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 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.

BACA COUNTY SCHOOL DISTRICT NO. RE-5

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2024

NOTE 9: DEFINED BENEFIT PENSION PLAN (Continued)

General Information about the Pension Plan (Continued)

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

Contributions provisions as of June 30, 2024: Eligible employees of the Districts 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, 2023 through June 30, 2024.

Employer contribution requirements are summarized in the table below:

	July 1, 2023 Through June 30, 2024
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 District is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from District were \$135,534 for the year ended June 30, 2024.

For purposes of GASB 68 paragraph 15, a circumstance exists in which a nonemployer contributing entity is legally responsible for making contributions to the SCHDTF and is considered to meet the definition of a special funding situation. As specified in C.R.S. § 24-51-414, the State is required to contribute a \$225 million direct distribution each year to PERA starting on July 1, 2018. 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. The direct distribution from the State was suspended in 2020. To compensate PERA for the suspension, C.R.S. §§ 24-51-414(6-8) required restorative payment by providing an accelerated payment in 2022.

BACA COUNTY SCHOOL DISTRICT NO. RE-5

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2024

NOTE 9: DEFINED BENEFIT PENSION PLAN (Continued)

General Information about the Pension Plan (Continued)

In 2022, the State Treasurer issued payment for the direct distribution of \$225 million plus an additional amount of \$380 million. Due to the advanced payment made in 2022, the State reduced the distribution in 2023 to \$35 million. Additionally, the newly added C.R.S. § 24-51-414(9) providing compensatory payment of \$14.561 million for 2023 only.

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

The net pension liability for the SCHDTF was measured as of December 31, 2023, and the total pension liability (TPL) used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2022. Standard update procedures were used to roll-forward the TPL to December 31, 2023. The District's proportion of the net pension liability was based on the District's contributions to the SCHDTF for the calendar year 2023 relative to the total contributions of participating employers and the State as a nonemployer contributing entity

At June 30, 2024, the District reported a liability of \$1,952,524 for its proportionate share of the net pension liability that reflected an increase for support from the State as a nonemployer contributing entity. The amount recognized by the District as its proportionate share of the net pension liability, the related support from the State as a nonemployer contributing entity, and the total portion of the net pension liability that was associated with District were as follows:

District's proportionate share of the net pension liability	\$1,952,524
The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the District	41,894
Total	\$1,994,418

At December 31, 2023, the District's proportion was .01104%, which was an increase of .00139% from its proportion measured as of December 31, 2022.

BACA COUNTY SCHOOL DISTRICT NO. RE-5

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2024

NOTE 9: DEFINED BENEFIT PENSION PLAN (Continued)

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

For the year ended June 30, 2024, the District's recognized pension expense of \$300,547 and revenue of \$3,922 for support from the State as a nonemployer contributing entity. At June 30, 2024, the District's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$88,328	N/A
Changes of assumptions or other inputs	N/A	N/A
Net difference between projected and actual earnings on pension plan investments	79,501	N/A
Changes in proportion and differences between contributions recognized and proportionate share of contributions	152,426	\$18,651
Contributions subsequent to the measurement date	64,341	N/A
Total	\$384,596	\$18,651

\$64,641 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, 2025. 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,	
2025	\$104,493
2026	\$96,661
2027	\$72,958
2028	\$27,492

BACA COUNTY SCHOOL DISTRICT NO. RE-5

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2024

NOTE 9: DEFINED BENEFIT PENSION PLAN (Continued)

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

Actuarial assumptions. The TPL in the December 31, 2022, 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 Discount rate	7.25%
Post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07	1.00%

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.

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.

BACA COUNTY SCHOOL DISTRICT NO. RE-5

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2024

NOTE 9: DEFINED BENEFIT PENSION PLAN (Continued)

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

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

The actuarial assumptions used in the December 31, 2022, valuation were based on the 2020 experience analysis, dated October 28, 2020, for the period January 1, 2016, through December 31, 2019. Revised economic and demographic assumptions were adopted by the PERA Board on November 20, 2020.

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

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

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2024

NOTE 9: DEFINED BENEFIT PENSION PLAN (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (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 commencing July 1, 2018, that is proportioned between the State, School, Judicial, and DPS Division Trust Funds based upon the covered payroll of each Division. The annual direct distribution ceases when all Division Trust Funds are fully funded.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial FNP, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the FNP and the subsequent AIR benefit payments were estimated and included in the projections.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2024

NOTE 9: DEFINED BENEFIT PENSION PLAN (Continued)

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

- Benefit payments and contributions were assumed to be made at the middle of the year.
- Beginning with the December 31, 2023, measurement date and thereafter, the FNP as of the current measurement date is used as a starting point for the GASB 67 projection test.

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

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension	\$2,610,849	\$1,952,524	\$1,403,560

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 10: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

Summary of Significant Accounting Policies

OPEB. The District 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.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2024

NOTE 10: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

Summary of Significant Accounting Policies (Continued)

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.

General Information about the OPEB Plan

Plan description. Eligible employees of the District are provided with OPEB through the HCTF—a cost-sharing multiple-employer defined benefit OPEB plan administered by PERA. The HCTF is established under Title 24, Article 51, Part 12 of the 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2024

NOTE 10: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN(Continued)

General Information about the OPEB Plan (Continued)

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.

BACA COUNTY SCHOOL DISTRICT NO. RE-5

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2024

NOTE 10: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN(Continued)

General Information about the OPEB Plan (Continued)

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the District were \$6,783 for the year ended June 30, 2024.

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

At June 30, 2024, the District reported a liability of \$46,510 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2023, and the total OPEB liability (TOL) used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2022. Standard update procedures were used to roll-forward the TOL to December 31, 2023. The District's proportion of the net OPEB liability was based on the District's contributions to the HCTF for the calendar year 2023 relative to the total contributions of participating employers to the HCTF.

At December 31, 2023, the District's proportion was .00651%, which was a decrease of .00083% from its proportion measured as of December 31, 2022.

For the year ended June 30, 2024, the District recognized OPEB income of \$688. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	N/A	\$9,533
Changes of assumptions or other inputs	\$547	4,932
Net difference between projected and actual earnings on OPEB plan investments	1,438	N/A
Changes in proportion and differences between contributions recognized and proportionate share of contributions	10,852	5,191
Contributions subsequent to the measurement date	3,220	N/A
Total	\$16,057	\$19,656

BACA COUNTY SCHOOL DISTRICT NO. RE-5

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2024

NOTE 10: 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 (Continued)

\$3,220 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, 2025. 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,	
2025	(\$484)
2026	(\$543)
2027	(\$839)
2028	(\$2,152)
2029	(\$2,212)
Thereafter	(\$588)

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BACA COUNTY SCHOOL DISTRICT NO. RE-5

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2024

NOTE 10: 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 (Continued)

Actuarial assumptions. The TOL in the December 31, 2022 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

	School Division
	<u>Entry age</u>
Actuarial cost method	
Price inflation	2.30%
Real wage growth	0.70%
Wage inflation	3.00%
Salary increases, including wage inflation	
Members other than Safety Officers	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 ¹	7.00% in 2023, gradually decreasing to 4.50% in 2033
Medicare Part A premiums	3.50% in 2023, gradually increasing to 4.50% in 2035
DPS benefit structure:	
Service-based premium subsidy	0.00%
PERACare Medicare plans	N/A
Medicare Part A premiums	N/A

¹ UnitedHealthcare MAPD PPO plans are 0% for 2023.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2024

NOTE 10: 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 (Continued)

Each year the per capita health care costs are developed by plan option; currently based on 2023

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

Age-Related Morbidity Assumptions

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

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

BACA COUNTY SCHOOL DISTRICT NO. RE-5

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2024

NOTE 10: 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 (Continued)

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

The 2023 Medicare Part A premium is \$506 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, 2022, the health care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

BACA COUNTY SCHOOL DISTRICT NO. RE-5

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2024

NOTE 10: 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 (Continued)

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

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

Mortality assumptions used in the December 31, 2022, valuation for the determination of the total pension liability 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 on 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 State and Local Government Divisions (members other than Safety Officers) were based upon the PubG-2010 Employee Table with generational projection using scale MP-2019.

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

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2024

NOTE 10: 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 (Continued)

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

Pre-retirement mortality assumptions for the Judicial Division were based upon the PubG-2010(A) Above-Median Employee Table with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for the State and Local Government Divisions (members other than Safety Officers) were based upon the PubG-2010 Healthy Retiree Table, adjusted as follows:

- Males: 94% of the rates prior to age 80 and 90% of the rates for ages 80 and older, with generational projection using scale MP-2019.
- Females: 87% of the rates prior to age 80 and 107% of the rates for ages 80 and older, with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for Safety Officers were based upon the unadjusted PubS-2010 Healthy Retiree Table, with generational projection using scale MP-2019.

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.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2024

NOTE 10: 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 (Continued)

Post-retirement non-disabled mortality assumptions for the Judicial Division were based upon the unadjusted PubG-2010(A) Above-Median Healthy Retiree Table 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 Safety Officers were based upon the PubNS-2010 Disabled Retiree Table using 99% of the rates for all ages with generational projection using scale MP-2019.

Disabled mortality assumptions for Safety Officers were based upon the unadjusted PubS-2010 Disabled Retiree Table 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, 2022, 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 2023 plan year.
- The morbidity rates used to estimate individual retiree and spouse costs by age and by gender were updated effective for the December 31, 2022, actuarial valuation. The revised morbidity rate factors are based on a review of historical claims experience by age, gender, and status (active versus retired) from actuary's claims data warehouse.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2024

NOTE 10: 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 (Continued)

- 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.

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.

The actuarial assumptions used in the December 31, 2022, valuations were based on the 2020 experience analysis, dated October 28, 2020, and November 4, 2020, for the period January 1, 2016, through December 31, 2019. Revised economic and demographic assumptions were adopted by PERA's Board on November 20, 2020.

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

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

BACA COUNTY SCHOOL DISTRICT NO. RE-5

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2024

NOTE 10: 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 (Continued)

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

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Initial PERACare Medicare trend rate ¹	5.75%	6.75%	7.75%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	2.50%	3.50%	4.50%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability	\$45,175	\$46,510	\$47,962

¹For the January 1, 2024, plan year.

NOTE 10: **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 (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, 2023, measurement date.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00%.
- 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.
- Beginning with the December 31, 2023, measurement date and thereafter, the FNP as of the current measurement date is used as a starting point for the GASB 74 projection test.

BACA COUNTY SCHOOL DISTRICT NO. RE-5

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2024

NOTE 10: 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 (Continued)

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

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

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	\$54,934	\$46,510	\$39,303

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.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2024

NOTE 11: RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. The District participates in the Colorado School District Self Insurance Pool. The Pool insures property and liability exposures through contributions made by member districts. The District does not maintain an equity interest in the self insurance pool. The District funds its pool contributions, outside insurance purchases, deductibles, and uninsured losses through the General Fund.

The District is fully self insured for unemployment compensation and has a \$1,000 deductible for property insurance.

The District continues to carry commercial insurance for all other risks of loss. Settled claims resulting from these risks have not exceeded commercial or District coverage in any of the past three years.

NOTE 12: COMMITMENTS AND CONTINGENCIES

Claims and Judgments

The District participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the District may be required to reimburse the grantor government. As of June 30, 2024, significant amounts of grant expenditures have not been audited but the District believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the District.

Tabor Amendment

In November 1992, Colorado voters passed the Tabor Amendment to the State Constitution which limits state and local government tax powers and imposes spending limitations. In November 1998, electors within the District authorized the District to collect, retain and expend all revenues collected or received by the District effective for the 1996-97 fiscal year and each subsequent year thereafter, notwithstanding the limitations of the Amendment. The Tabor Amendment is subject to many interpretations, but the District believes it is in substantial compliance with the Amendment. A reservation of equity in the General Fund in the amount of \$33,784 has been recorded as an emergency reserve in accordance with the Amendment.

BACA COUNTY SCHOOL DISTRICT NO. RE-5

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2024

NOTE 13: RELATED PARTIES

The Superintendent's father is the Vice President of the Board, and his Aunt is the President of the Board.

NOTE 14: RESTATEMENT OF FUND BALANCE

The beginning fund balance of the Capital Projects Fund was decreased by \$86,685 to correctly report the Best grant receivables and revenues.

NOTE 15: SUBSEQUENT EVENTS

Potential subsequent events were considered through December 27, 2024. It was determined that no events are required to be disclosed through this date.

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REQUIRED SUPPLEMENTARY INFORMATION

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BACA COUNTY SCHOOL DISTRICT RE-5

GENERAL FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended June 30, 2024

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES			
Local Sources	\$ 3,344,057	\$ 358,017	\$ (2,986,040)
State Sources		3,426,381	3,426,381
Federal Sources	914,470	370,163	(544,307)
TOTAL REVENUES	<u>4,258,527</u>	<u>4,154,561</u>	<u>(103,966)</u>
EXPENDITURES			
Instruction	2,521,667	2,011,084	510,583
Support Services			
Students	214,721	120,105	94,616
Instructional Staff Support	-	71,313	(71,313)
General Administration	533,661	249,863	283,798
School Administration Support Services		149,993	(149,993)
Business Support Services	44,472	55,025	(10,553)
Operations and Maintenance	180,688	195,577	(14,889)
Student Transportation Services	98,935	105,039	(6,104)
Central Support Services	329,810	131,267	198,543
Reserves		-	-
TOTAL EXPENDITURES	<u>3,923,954</u>	<u>3,089,266</u>	<u>834,688</u>
OTHER FINANCING SOURCES (USES)			
Transfers to Other Funds	(95,300)	(95,300)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(95,300)</u>	<u>(95,300)</u>	<u>-</u>
CHANGE IN FUND BALANCE	239,273	969,995	(730,722)
FUND BALANCES, Beginning	<u>1,285,438</u>	<u>1,285,436</u>	<u>(2)</u>
FUND BALANCES, Ending	<u>\$ 1,524,711</u>	<u>\$ 2,255,431</u>	<u>\$ (730,724)</u>

See the accompanying independent auditors' report.

BACA COUNTY SCHOOL DISTRICT RE-5

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
STATEWIDE SCHOOL DIVISION TRUST FUND

Years Ended December 31,
(School Division Trust Fund Measurement Date)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
District's proportionate share of the Net Pension Liability	0.0135%	0.0129%	0.0108%	0.0098%	0.0082%	0.0079%	0.0110%	0.0108%	0.0010%	0.0110%
District's proportionate share of the Net Pension Liability	\$ 1,834,487	\$ 1,979,443	\$ 3,201,745	\$ 3,156,634	\$ 1,459,490	\$ 1,189,660	\$ 1,663,354	\$ 1,260,429	\$ 1,758,084	\$ 1,952,524
State of Colorado's Proportionate Share of the Net Pension Liability associated with the District	-	-	-	199,565	150,893	-	-	144,492	513,213	41,894
Total portion of the Net Pension Liability associated with the District	\$ 1,834,487	\$ 1,979,443	\$ 3,201,745	\$ 3,156,634	\$ 1,659,055	\$ 1,340,553	\$ 1,663,354	\$ 1,404,921	\$ 2,271,297	\$ 1,994,418
District's covered payroll	\$ 595,037	\$ 514,004	\$ 457,964	\$ 455,178	\$ 453,722	\$ 514,623	\$ 639,950	\$ 724,438	\$ 731,699	\$ 720,131
District's proportionate share of the Net Pension Liability as a percentage of its covered payroll	308.3%	385.1%	699.1%	693.5%	365.7%	260.5%	259.9%	193.9%	310.4%	277.0%
Plan fiduciary net position as a percentage of the total pension liability	62.8%	59.2%	43.1%	44.0%	57.0%	64.5%	67.0%	74.9%	61.8%	64.7%

Notes:

This schedule is reported as of December 31, as that is the plan year end.

See the accompanying independent auditors' report.

BACA COUNTY SCHOOL DISTRICT RE-5

SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
STATEWIDE SCHOOL DIVISION TRUST FUND

Years Ended June 30,

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Statutorily required contributions	\$ 100,518	\$ 91,235	\$ 84,185	\$ 85,980	\$ 86,797	\$ 99,734	\$ 127,222	\$ 144,021	\$ 149,121	\$ 135,534
Contributions in relation to the Statutorily required contributions	100,518	91,235	84,185	85,980	86,797	99,734	127,222	144,021	149,121	135,534
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 595,037	\$ 514,004	\$ 457,964	\$ 455,178	\$ 453,722	\$ 514,623	\$ 639,950	\$ 724,438	\$ 731,699	\$ 665,033
Contributions as a percentage of covered payroll	16.89%	17.75%	18.58%	18.89%	19.13%	19.38%	19.88%	19.88%	20.38%	20.38%

See the accompanying independent auditors' report.

BACA COUNTY SCHOOL DISTRICT RE-5
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
 HEALTH CARE TRUST FUND

Years Ended December 31,
 (Health Care Trust Fund Measurement Date)

	2016	2017	2018	2019	2020	2021	2022	2023
District's proportionate share of the Net OPEB Liability	0.0061%	0.0055%	0.0053%	0.0052%	0.0063%	0.0070%	0.0070%	0.0065%
District's proportionate share of the Net OPEB Liability	\$ 79,250	\$ 72,084	\$ 72,893	\$ 58,502	\$ 60,436	\$ 60,980	\$ 59,943	\$ 46,510
District's covered payroll	\$ 457,964	\$ 455,178	\$ 455,178	\$ 514,623	\$ 639,950	\$ 724,438	\$ 731,699	\$ 720,131
District's proportionate share of the Net OPEB Liability as a percentage of its covered payroll	17.30%	15.84%	16.01%	11.37%	9.44%	8.42%	8.19%	6.46%
Plan fiduciary net position as a percentage of the total OPEB liability	16.7%	17.5%	17.0%	24.5%	32.8%	39.4%	38.6%	46.2%

Notes

This schedule is reported as of December 31, as that is the plan year end.

This schedule will report ten years of data when it is available.

See the accompanying independent auditors' report.

BACA COUNTY SCHOOL DISTRICT RE-5

SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
HEALTH CARE TRUST FUND

Years Ended June 30,

	2017	2018	2019	2020	2021	2022	2023	2024
Statutorily required contributions	\$ 4,671	\$ 4,643	\$ 4,628	\$ 5,249	\$ 6,527	\$ 7,388	\$ 7,463	\$ 6,783
Contributions in relation to the Statutorily required contributions	4,671	4,643	4,628	5,249	6,527	7,388	7,463	6,783
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 457,964	\$ 455,178	\$ 453,722	\$ 514,623	\$ 639,950	\$ 724,438	\$ 731,699	\$ 665,033
Contributions as a percentage of covered payroll	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%

Notes

This schedule will report ten years of data when it is available.

See the accompanying independent auditors' report.

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS

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BACA COUNTY SCHOOL DISTRICT RE-5
 BUILDING FUND - CAPITAL PROJECTS FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended June 30, 2024

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES			
Local Sources	\$ -	\$ 350	\$ 350
State Sources	593,644	287,008	(306,636)
 TOTAL REVENUES	 593,644	 287,358	 (306,286)
EXPENDITURES			
Building Improvements	639,889	306,692	333,197
 TOTAL EXPENDITURES	 639,889	 306,692	 333,197
 CHANGE IN FUND BALANCE	 (46,245)	 (19,334)	 26,911
FUND BALANCE, Beginning, restated	-	-	-
FUND BALANCE, Ending	<u>\$ (46,245)</u>	<u>\$ (19,334)</u>	<u>\$ 26,911</u>

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See the accompanying independent auditors' report.

BACA COUNTY SCHOOL DISTRICT RE-5

NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET

June 30, 2024

	SPECIAL REVENUE		CAPITAL PROJECT	Totals
	FOOD SERVICE	PUPIL ACTIVITY	CAPITAL RESERVE	
ASSETS				
Current Assets				
Cash and Investments	\$ 8,550	\$ 2,684	\$ -	\$ 11,234
Accounts Receivable	3,085	-	-	3,085
Due from Other Funds	47,000	-	48,300	95,300
Inventories	291	-	-	291
TOTAL ASSETS	\$ 58,926	\$ 2,684	\$ 48,300	\$ 109,910
LIABILITIES				
Accounts Payable	-	-	-	-
Due to Other Funds	8,951	-	48,284	57,235
TOTAL LIABILITIES	8,951	-	48,284	57,235
FUND BALANCE				
Committed for Capital Outlay	-	-	16	16
Restricted for Food Service	49,975	-	-	49,975
Assigned for Pupil Activities	-	2,684	-	2,684
Unassigned	-	-	-	-
TOTAL FUND BALANCES	49,975	2,684	16	52,675
TOTAL LIABILITIES AND FUND BALANCE	\$ 58,926	\$ 2,684	\$ 48,300	\$ 109,910

See the accompanying independent auditors' report.

BACA COUNTY SCHOOL DISTRICT RE-5

NONMAJOR GOVERNMENTAL FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 Year Ended June 30, 2024

	SPECIAL REVENUE		CAPITAL PROJECT	Totals
	FOOD SERVICE	PUPIL ACTIVITY	CAPITAL RESERVE	
REVENUES				
Local Sources	\$ 1,006	\$ 22,294	\$ -	\$ 23,300
State Sources	336	-	-	336
Federal Sources	50,236	-	-	50,236
TOTAL REVENUES	51,578	22,294	-	73,872
EXPENDITURES				
Instructional Program		36,498	-	36,498
Food Services	101,043	-	-	101,043
Property	1,102	-	-	1,102
Debt Service	-	-	48,284	48,284
TOTAL EXPENDITURES	102,145	36,498	48,284	186,927
EXCESS OF REVENUES OVER EXPENDITURES	(50,567)	(14,204)	(48,284)	(113,055)
OTHER FINANCING SOURCES (USES)				
Transfers In	47,000	-	48,300	95,300
TOTAL OTHER FINANCING SOURCES	47,000	-	48,300	95,300
NET CHANGE IN FUND BALANCE	(3,567)	(14,204)	16	(17,755)
FUND BALANCE, Beginning	53,542	16,888	-	70,430
FUND BALANCE, Ending	\$ 49,975	\$ 2,684	\$ 16	\$ 52,675

See the accompanying independent auditors' report.

BACA COUNTY SCHOOL DISTRICT RE-5

FOOD SERVICE FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended June 30, 2024

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES			
Local Sources	\$ 3,010	\$ 1,006	\$ (2,004)
State Sources	-	336	336
Federal Sources	51,188	50,236	(952)
 TOTAL REVENUES	 54,198	 51,578	 (2,620)
EXPENDITURES			
Salaries	100,349	31,642	68,707
Benefits		12,263	(12,263)
Purchased Services		107	(107)
Food, Commodities and Supplies		57,031	(57,031)
Property		1,102	(1,102)
 TOTAL EXPENDITURES	 100,349	 102,145	 (1,796)
 EXCESS OF REVENUES OVER EXPENDITURES	 (46,151)	 (50,567)	 (4,416)
OTHER FINANCING SOURCES (USES)			
Transfers from Other Funds	47,000	47,000	-
 NET CHANGE IN FUND BALANCE	 849	 (3,567)	 (4,416)
FUND BALANCE, Beginning	53,542	53,542	-
FUND BALANCE, Ending	\$ 54,391	\$ 49,975	\$ (4,416)

See the accompanying independent auditors' report.

BACA COUNTY SCHOOL DISTRICT RE-5

PUPIL ACTIVITY FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended June 30, 2024

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES			
Local Sources	\$ 15,010	\$ 22,294	\$ 7,284
TOTAL REVENUES	<u>15,010</u>	<u>22,294</u>	<u>7,284</u>
EXPENDITURES			
Instructional Program	<u>15,010</u>	<u>36,498</u>	<u>(21,488)</u>
TOTAL EXPENDITURES	<u>15,010</u>	<u>36,498</u>	<u>(21,488)</u>
CHANGE IN FUND BALANCE	-	(14,204)	(14,204)
FUND BALANCE, Beginning	<u>16,888</u>	<u>16,888</u>	-
FUND BALANCE, Ending	<u>\$ 16,888</u>	<u>\$ 2,684</u>	<u>\$ (14,204)</u>

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See the accompanying independent auditors' report.

BACA COUNTY SCHOOL DISTRICT RE-5

CAPITAL RESERVE FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended June 30, 2024

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES			
Local Sources	\$ -	\$ -	\$ -
TOTAL REVENUES	-	-	-
EXPENDITURES			
Debt Service			
Principal	26,961	26,961	-
Interest	21,324	21,323	1
TOTAL EXPENDITURES	48,285	48,284	1
OTHER FINANCING SOURCES			
Transfers from Other Funds	48,300	48,300	-
TOTAL OTHER FINANCING SOURCES	48,300	48,300	-
CHANGE IN FUND BALANCE	15	16	1
FUND BALANCE, Beginning	-	-	-
FUND BALANCE, Ending	\$ 15	\$ 16	\$ 1

See the accompanying independent auditors' report.

STATE COMPLIANCE

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