

**PARADOX VALLEY CHARTER SCHOOL  
(A COMPONENT UNIT OF WEST END SCHOOL DISTRICT RE-2)  
PARADOX, COLORADO**

**FINANCIAL STATEMENTS**

**JUNE 30, 2024**

**PARADOX VALLEY CHARTER SCHOOL**

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Paradox Valley Charter School  
Paradox, Colorado

### Report on the Audit of the Financial Statements

#### Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the Paradox Valley Charter School (the School), a discretely presented component unit of the West End School District RE-2, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the basic financial statements of the School, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the School, as of June 30, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### Basis of Opinions

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

#### Substantial Doubt about the Paradox Valley Charter School's Ability to Continue as a Going Concern

The accompanying financial statements have been prepared assuming that the School will continue as a going concern. As discussed in Note 5 to the financial statements, the School's Board of Directors ended its operations and approved the dissolution of the School as of June 30, 2024. Management's evaluation of the events and conditions and management's plans regarding those matters also are described in Note 5. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.

### **Responsibilities of Management for the Financial Statements**

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

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

**Required Supplementary Information**

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

*DMC Auditing and Consulting, LLC*

February 13, 2025  
Bailey, Colorado

**Paradox Valley Charter School  
Management's Discussion and Analysis  
June 30, 2024**

Following is a summary and analysis of Paradox Valley Charter School (The School) financial activities for the year ending June 30, 2024. Readers should use the information presented in this analysis in conjunction with additional information furnished in the School's audited financial statements.

**Financial Highlights**

- The year ending June 30, 2024 is the final year of financial activity for Paradox Valley Charter School. The school ceased operations June 30, 2023 after the School's Board of Directors voted to approve the dissolution of the school due to financial and operational challenges related to declining enrollment. The dissolution will occur upon the completion of the Fiscal Year 2023-24 annual audit and the filing of the IRS Form 990 tax return.
- The School transferred all of its remaining assets and liabilities to the West End School District RE-2 by June 30, 2024. As such the School recognized a loss on transfer of operations of \$1,837,312.
- As of the close of fiscal year 2023-24, the School reported an ending Governmental Fund Balance and Government Wide Net Position of \$0.

**Overview of the Financial Statements**

This discussion and analysis are intended to serve as an introduction to The School's basic financial statements. The School's basic financial statements consist of three components; 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The basic financial statements present two different views of the School through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains required supplemental information that will enhance the reader's understanding of the financial condition of the School.

**Government-wide Financial Statements**

The government-wide financial statements are designed to provide the reader with a broad overview of the School's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the School's financial status as a whole.

- The *statement of net position* presents information on all of the assets, deferred outflows, liabilities, and deferred inflows of the School, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the School is improving or deteriorating.
- The *statement of activities* presents information showing how the net position of the School changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The governmental activities of the School include instructional services, pupil services, instructional staff

services, administration services, maintenance services, transportation services, food services and capital asset services.

## **Fund Financial Statements**

The fund financial statements provide a more detailed look at the School's most significant activities on a fund accounting basis. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School uses fund accounting to ensure and reflect compliance with finance-related legal requirements.

## **Governmental Funds**

Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. The School's basic services are accounted for in a governmental fund. This fund focuses on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting* that provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps them determine if there are more or less financial resources available to finance the School's programs. The relationship between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is part of the fund financial statements.

The budgetary comparison statement is included in the basic financial statements, and compares the School's legally adopted budget to actual expenditures. The School's Board of Directors not adopt a budget document for fiscal year 2023-24 because the school ceased operations as of June 30, 2023. All Fiscal Year 2023-24 expenditures were related to the wind down of the school and administered by the School District due to the school's lack of administrative staff needed to carry out these closure duties.

## **Notes to Financial Statements**

The notes provide additional information essential to fully understanding the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 11 of the financial statements.

## **Governmental-wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a School's financial condition. the School's net position decreased from \$1,885,599 to \$0 for the fiscal year ended June 30, 2024 related to the closure of the School.

**Paradox Valley Charter School Net Position**  
Governmental Activities

	<u>2023</u>	<u>2024</u>
<b>ASSETS</b>		
Cash and Investments	\$ 204,242	\$ -
Receivables	8,393	-
Capital Assets (net of accumulated depreciation)		
Buildings and improvements	2,407,718	-
Vehicles and equipment	34,802	-
<b>TOTAL ASSETS</b>	<b>2,655,155</b>	<b>-</b>
 <b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Pension related deferred outflows	133,461	-
OPEB related deferred outflows	3,040	-
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>136,501</b>	<b>-</b>
 <b>LIABILITIES</b>		
Accounts Payable	2,664	-
Accrued salaries and benefits	24,795	-
Noncurrent liabilities		
Due in more than one year		
Net pension liability	672,375	-
Net OPEB liability	22,931	-
<b>TOTAL LIABILITIES</b>	<b>709,586</b>	<b>-</b>
 <b>DEFERRED INFLOWS OF RESOURCES</b>		
Pension related deferred inflows	306,073	-
OPEB related deferred inflows	26,132	-
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>332,205</b>	<b>-</b>
 <b>NET POSITION</b>		
Net investment in capital assets	2,442,520	-
Restricted for:		
Emergencies	16,818	-
Unrestricted	(709,473)	-
<b>TOTAL NET POSITION</b>	<b>\$ 1,749,865</b>	<b>\$-</b>

**Paradox Valley Charter School Statement of Activities**  
**Governmental Activities**

	<u><b>2023</b></u>	<u><b>2024</b></u>
<b>Revenues</b>		
Charges for services	\$ 25,484	\$
Operating grants and contributions	111,515	-
Capital grants and contributions	6,904	-
Per Pupil Revenue	271,782	-
Property Tax	15,698	-
Grants and Contributions	5,803	-
Investment Earnings	749	-
Other	364	2,248
<b>Total Revenues</b>	<b>438,299</b>	<b>2,248</b>
<b>Expenses</b>		
Instructional Services	211,517	-
Support Services	238,511	50,535
Food Services	21,037	-
<b>Total Expenses</b>	<b>471,065</b>	<b>50,535</b>
<b>Loss on transfer of operations to the District</b>	<b>-</b>	<b>1,837,312</b>
Change in Net Position	(32,766)	(1,885,599)
Beginning Net Position	2,060,440	1,885,599
	(142,075)	-
<b>Beginning Net Position, restated</b>	<b>1,918,365</b>	<b>1,885,599</b>
<b>Ending Net Position</b>	<b>\$ 1,885,599</b>	<b>\$-</b>

**Financial Analysis of the School's Funds**

As noted earlier, PVS uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The school's total governmental fund expenditures were higher than budgeted by \$50,535 as all Fiscal Year 2023-24 expenditures related to the closure of the school and were administered by the School District on behalf of the School.

**Governmental Funds.** The focus of the School's general fund is to provide information on near-term inflows, outflows, and balances of usable resources. Due to the closure of the school ending fund balance of the General Fund as of June 30, 2024 is \$0.

**Capital assets.** On of July 1, 2023, the School’s remaining capital assets were transferred to the West End School District RE-2. The net book value of these capital assets totaled \$2,442,520, consisting primarily of the school’s main building, and two modular buildings, and a school bus. See Note 2 for additional details on capital assets.

**Economic Factors**

On June 22, 2023, the School’s Board of Directors voted to dissolve the school due to the decline in enrollment and related financial and operational challenges. Fiscal year 2023-24 was the the last year of financial activity for the school and all residual assets and liabilities have been transferred to the district.

**Requests for Information**

This financial report is designed to provide a general overview of the School’s finances for all those with an interest in this area. Questions concerning any of the information provided in this report or requests for additional information should be directed to:

West End School District Re-2  
Re: Paradox Valley School  
PO Box 570  
225 West 4<sup>th</sup> Avenue  
Nucla, CO 81424

## **BASIC FINANCIAL STATEMENTS**

**PARADOX VALLEY CHARTER SCHOOL**  
**(A COMPONENT UNIT OF THE WEST END SCHOOL DISTRICT RE-2)**  
**STATEMENT OF NET POSITION**  
June 30, 2024

	<u>PRIMARY GOVERNMENT GOVERNMENTAL ACTIVITIES</u>
<b>ASSETS</b>	
Cash and Investments	\$ -
Due from West End School District	-
Capital Assets, <i>Net of Accumulated Depreciation</i>	-
	<hr/>
<b>TOTAL ASSETS</b>	<hr/> -
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Pensions, <i>Net of Accumulated Amortization</i>	-
OPEB, <i>Net of Accumulated Amortization</i>	-
	<hr/>
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<hr/> -
<b>LIABILITIES</b>	
Accounts Payable	-
Accrued Salaries and Benefits	-
Noncurrent Liabilities	
Net Pension Liability	-
Net OPEB Liability	-
	<hr/>
<b>TOTAL LIABILITIES</b>	<hr/> -
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Pensions, <i>Net of Accumulated Amortization</i>	-
OPEB, <i>Net of Accumulated Amortization</i>	-
	<hr/>
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<hr/> -
<b>NET POSITION</b>	
Net Investment in Capital Assets	-
Restricted for Emergencies	-
Unrestricted	-
	<hr/>
<b>TOTAL NET POSITION</b>	<hr/> <hr/> \$ -

**PARADOX VALLEY CHARTER SCHOOL**  
**(A COMPONENT UNIT OF THE WEST END SCHOOL DISTRICT RE-2)**  
**STATEMENT OF ACTIVITIES**  
Year Ended June 30, 2024

FUNCTIONS / PROGRAMS	EXPENSES	PROGRAM REVENUES CHARGES FOR SERVICES	NET (EXPENSE) REVENUE AND IN NET POSITION PRIMARY GOVERNMENT GOVERNMENTAL ACTIVITIES
<b>PRIMARY GOVERNMENT</b>			
<b>Governmental Activities</b>			
Supporting Services	50,535	2,221	(48,314)
Food Services	-	27	27
TOTAL GOVERNMENTAL ACTIVITIES	\$ <u>50,535</u>	\$ <u>2,248</u>	<u>(48,287)</u>
<b>SPECIAL ITEM</b>			
Loss on Transfer of Operations to District			<u>(1,837,312)</u>
			CHANGE IN NET POSITION (1,885,599)
			NET POSITION, Beginning <u>1,885,599</u>
			NET POSITION, Ending \$ <u><u>-</u></u>

**PARADOX VALLEY CHARTER SCHOOL**  
**(A COMPONENT UNIT OF THE WEST END SCHOOL DISTRICT RE-2)**  
**BALANCE SHEET**  
**GOVERNMENTAL FUND**  
June 30, 2024

	<u>GENERAL</u>
<b>ASSETS</b>	
Cash and Investments	\$ -
Due from West End School District	-
	-
<b>TOTAL ASSETS</b>	<b>\$ -</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>	
<b>LIABILITIES</b>	
Accounts Payable	\$ -
Accrued Salaries and Benefits	-
	-
<b>TOTAL LIABILITIES</b>	<b>-</b>
<b>FUND BALANCE</b>	
Restricted for Emergencies	-
Unassigned	-
	-
<b>TOTAL FUND BALANCE</b>	<b>-</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>	<b>\$ -</b>

**PARADOX VALLEY CHARTER SCHOOL**  
**(A COMPONENT UNIT OF THE WEST END SCHOOL DISTRICT RE-2)**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUND**  
**TO THE STATEMENT OF NET POSITION**  
June 30, 2024

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

Total Fund Balances of Governmental Fund	\$	-
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds.		-
Long-term liabilities and related items are not due and payable in the current year and, therefore, are not reported in governmental funds:		
Net Pension Liability		-
Pension-Related Deferred Outflows of Resources		-
Pension-Related Deferred Inflows of Resources		-
Net OPEB Liability		-
OPEB-Related Deferred Outflows of Resources		-
OPEB-Related Deferred Inflows of Resources		-
		-
Total Net Position of Governmental Activities	\$	-

**PARADOX VALLEY CHARTER SCHOOL**  
**(A COMPONENT UNIT OF THE WEST END SCHOOL DISTRICT RE-2)**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**GOVERNMENTAL FUND**  
Year Ended June 30, 2024

	<u>GENERAL</u>
REVENUES	
Local Sources	\$ <u>2,248</u>
EXPENDITURES	
Current	
Supporting Services	<u>50,535</u>
TOTAL EXPENDITURES	<u>50,535</u>
EXCESS REVENUES OVER (UNDER) EXPENDITURES	<u>(48,287)</u>
SPECIAL ITEM	
Transfer of Operations to the District	<u>(150,068)</u>
CHANGE IN FUND BALANCE	(198,355)
FUND BALANCE, Beginning	<u>198,355</u>
FUND BALANCE, Ending	\$ <u><u>-</u></u>

**PARADOX VALLEY CHARTER SCHOOL**  
**(A COMPONENT UNIT OF THE WEST END SCHOOL DISTRICT RE-2)**  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUND 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 of the Governmental Fund	\$	(198,355)
Special item as a result of the transfer of operations of the School to the District related to:		
Capital Assets, Net of Accumulated Depreciation		(2,442,520)
Net Pension Liability		672,375
Pension-Related Deferred Outflows of Resources		(133,461)
Pension-Related Deferred Inflows of Resources		170,340
Net OPEB Liability		22,931
OPEB-Related Deferred Outflows of Resources		(3,041)
OPEB-Related Deferred Inflows of Resources		<u>26,132</u>
Change in Net Position of Governmental Activities	\$	<u><u>(1,885,599)</u></u>

**PARADOX VALLEY CHARTER SCHOOL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2024

**NOTE 1: Summary of Significant Accounting Policies**

Paradox Valley Charter School (the School) was organized pursuant to the Colorado Charter Schools Act to form and operate a charter school within West End School District RE-2 (the District).

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

**Reporting Entity**

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

The School is a component unit of the District. The District authorized the School's charter, and the majority of the School's funding is provided by the District.

**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 activities of the School. *Governmental activities*, which are supported by taxes and intergovernmental revenues, are reported in a single column.

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

Separate financial statements are provided for the governmental funds. Major individual governmental funds and other significant funds identified by management are reported as separate columns in the fund financial statements.

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

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

The *General Fund* is the School's primary operating fund. It accounts for all financial resources of the School.

**PARADOX VALLEY CHARTER SCHOOL**  
**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**

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collected within the current year or soon enough thereafter to pay liabilities of the current year. The School considers all other revenues to be available if they are collected within 180 days of the end of the current year.

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

Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

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

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

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

Capital assets are depreciated using the straight-line method over the following estimated useful lives.

Buildings and Improvements	7-40 years
Vehicles and Equipment	5-20 years

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

The School has not established a formal policy for its use of restricted and unrestricted fund balances. However, if both restricted and unrestricted fund balances are available for a specific purpose, the School uses restricted fund balance first, followed by committed, assigned, and unassigned balances.

**PARADOX VALLEY CHARTER SCHOOL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2024

**NOTE 2: Capital Assets**

Capital asset activity for the year ended June 30, 2024, is summarized below.

	Balance 6/30/2023	Additions	Deletions	Balance 6/30/2024
<b>Governmental Activities:</b>				
Capital Assets, Being Depreciated:				
Buildings and Improvements	\$ 3,576,354	-	(3,576,354)	\$ -
Vehicles and Equipment	299,005	-	(299,005)	-
Total Capital Assets, Being Depreciated	<u>3,875,359</u>	<u>-</u>	<u>(3,875,359)</u>	<u>-</u>
Less Accumulated Depreciation:				
Buildings and Improvements	(1,168,636)	-	1,168,636	-
Vehicles and Equipment	(264,203)	-	264,203	-
Total Accumulated Depreciation	<u>(1,432,839)</u>	<u>-</u>	<u>1,432,839</u>	<u>-</u>
Capital Assets, Governmental Activities, Net	<u>\$ 2,442,520</u>	<u>\$ -</u>	<u>\$ (2,442,520)</u>	<u>\$ -</u>

The School transferred all assets to West End School District RE-2 on July 1, 2023, resulting in no depreciation expense for fiscal year 2024.

**NOTE 3: Commitments and Contingencies**

**Claims and Judgments**

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

**Tabor Amendment**

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

The Amendment is subject to many interpretations, but the School believes it is in substantial compliance with the Amendment.

The Amendment requires the School to establish a reserve for emergencies, representing 3% of qualifying expenditures. At June 30, 2024, the School's emergency reserve was transferred to West End School District RE-2.

**PARADOX VALLEY CHARTER SCHOOL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2024

**NOTE 4 Commitments and Contingencies (Continued)**

**Litigation**

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

**NOTE 5: Transfer of Operations**

The School's operations were a going concern as of June 30, 2023. On June 22, 2023, the School's Board of Directors approved the dissolution of the School upon the completion of the annual audit and IRS Form 990 Tax Return.

As of June 30, 2024, the School transferred its assets and liabilities to the West End School District RE-2 due to the closure of the School and termination of the charter contract with the District related to a previous declines in enrollment, leading to financial and operational challenges. As a result of the transfer, the School recognized a loss of \$150,068 on the disposal as a special item. The loss on disposal was comprised of the following:

	<u>General Fund</u>	<u>Governmental Activities</u>
<b>Transferred Assets</b>		
Cash and Investments	\$ 150,068	\$ 150,068
<b>Transferred Capital Assets (Net)</b>		
Buildings and Improvements	-	2,407,718
Vehicles and Equipment	-	34,802
Total Capital Assets (Net)	-	2,442,520
<b>Transferred Deferred Outflows of Resources</b>		
Deferred Outflows of Resources, Pensions	-	133,461
Deferred Outflows of Resources, OPEB	-	3,041
Total Deferred Outflows of Resources	-	136,502
<b>Transferred Liabilities</b>		
Net Pension Liability	-	672,375
Net OPEB Liability	-	22,931
Total Liabilities	-	695,306
<b>Transferred Deferred Inflow of Resources</b>		
Deferred Inflows of Resources, Pensions	-	170,340
Deferred Inflows of Resources, OPEB	-	26,132
Total Deferred Inflow of Resources	-	196,472
<b>Fund Balance / Net Position of Transferred Operations</b>	<b>\$ 150,068</b>	<b>\$ 1,837,312</b>

**REQUIRED SUPPLEMENTARY INFORMATION**

**PARADOX VALLEY CHARTER SCHOOL**  
**(A COMPONENT UNIT OF THE WEST END SCHOOL DISTRICT RE-2)**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**Year Ended June 30, 2024**

	BUDGET		VARIANCE
	ORIGINAL	ACTUAL	Positive
	AND FINAL		(Negative)
REVENUES			
Local Sources	\$ -	\$ 2,248	\$ 2,248
EXPENDITURES			
Current			
Supporting Services			
General Administration	-	50,535	(50,535)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	(48,287)	(48,287)
SPECIAL ITEM			
Transfer of Operations to the District	-	(150,068)	(150,068)
CHANGE IN FUND BALANCE	-	(198,355)	(198,355)
FUND BALANCE, Beginning	-	198,355	198,355
FUND BALANCE, Ending	\$ -	\$ -	\$ -

**PARADOX VALLEY CHARTER SCHOOL**  
**(A COMPONENT UNIT OF THE WEST END SCHOOL DISTRICT RE-2)**

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AND CONTRIBUTIONS  
PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION OF COLORADO SCHOOL DIVISION TRUST FUND

June 30, 2024

	<u>12/31/23</u>	<u>12/31/22</u>	<u>12/31/21</u>	<u>12/31/20</u>
PROPORTIONATE SHARE OF THE NET PENSION LIABILITY				
School's Proportion of the Net Pension Liability	0.0000000000%	0.0036924474%	0.0046546229%	0.0050840000%
School's Proportionate Share of the Net Pension Liability	\$ -	\$ 672,375	\$ 541,676	\$ 768,534
State's Proportionate Share of the Net Pension Liability Associated with the School	<u>-</u>	<u>195,937</u>	<u>62,096</u>	<u>-</u>
Total Proportionate Share of the Net Pension Liability	<u>\$ -</u>	<u>\$ 868,312</u>	<u>\$ 603,772</u>	<u>\$ 768,534</u>
School's Covered Payroll	\$ -	\$ 285,001	\$ 250,039	\$ 272,119
School's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	0%	236%	217%	282%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	65%	75%	75%	67%
	<u>6/30/24</u>	<u>6/30/23</u>	<u>6/30/22</u>	<u>6/30/21</u>
<b>School Contributions</b>				
Statutorily Required Contribution	\$ -	\$ 55,896	\$ 57,845	\$ 49,079
Contributions in Relation to the Statutorily Required Contribution	<u>-</u>	<u>(55,896)</u>	<u>(57,845)</u>	<u>(49,079)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School's Covered Payroll	\$ -	\$ 274,271	\$ 290,969	\$ 246,877
Contributions as a Percentage of Covered Payroll	0.00%	20.38%	19.88%	19.88%

<u>12/31/19</u>	<u>12/31/18</u>	<u>12/31/17</u>	<u>12/31/16</u>	<u>12/31/15</u>	<u>12/31/14</u>
0.0063630000%	0.0091700000%	0.0104730000%	0.0091410000%	0.0089080000%	0.0034910000%
\$ 950,547	\$ 1,623,722	\$ 3,386,705	\$ 2,721,658	\$ 1,362,415	\$ 473,196
<u>106,994</u>	<u>195,315</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 1,057,541</u>	<u>\$ 1,819,037</u>	<u>\$ 3,386,705</u>	<u>\$ 2,721,658</u>	<u>\$ 1,362,415</u>	<u>\$ 473,196</u>
\$ 374,123	\$ 504,119	\$ 483,123	\$ 413,279	\$ 384,663	\$ 344,284
254%	322%	701%	659%	354%	137%
65%	57%	44%	43%	59%	63%
<u>06/30/20</u>	<u>06/30/19</u>	<u>06/30/18</u>	<u>06/30/17</u>	<u>06/30/16</u>	<u>06/30/15</u>
\$ 61,165	\$ 85,783	\$ 96,705	\$ 83,063	\$ 68,130	\$ 62,564
<u>(61,165)</u>	<u>(85,783)</u>	<u>(96,705)</u>	<u>(83,063)</u>	<u>(68,130)</u>	<u>(62,564)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 315,610	\$ 448,420	\$ 512,108	\$ 451,789	\$ 384,621	\$ 370,386
19.38%	19.13%	18.88%	18.39%	17.71%	16.89%

**PARADOX VALLEY CHARTER SCHOOL**  
**(A COMPONENT UNIT OF THE WEST END SCHOOL DISTRICT RE-2)**  
**REQUIRED SUPPLEMENTARY INFORMATION**

SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY AND CONTRIBUTIONS  
PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION OF COLORADO HEALTH CARE TRUST FUND  
June 30, 2024

	12/31/23	12/31/22	12/31/21	12/31/20
PROPORTIONATE SHARE OF THE NET OPEB LIABILITY				
School's Proportion of the Net OPEB Liability	0.0000000000%	0.0028085434%	0.0030391065%	0.0029400000%
School's Proportionate Share of the Net OPEB Liability	\$ -	\$ 22,931	\$ 26,206	\$ 27,962
School's Covered Payroll	\$ -	\$ 285,001	\$ 250,039	\$ 272,119
School's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	0%	8%	10%	10%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	46%	39%	39%	33%
	6/30/24	6/30/23	6/30/22	6/30/21
<b>School's Contributions</b>				
Statutorily Required Contribution	\$ -	\$ 2,798	\$ 2,968	\$ 2,518
Contributions in Relation to the Statutorily Required Contribution	-	(2,798)	(2,968)	(2,518)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -
School's Covered Payroll	\$ -	\$ 274,271	\$ 290,969	\$ 246,877
Contributions as a Percentage of Covered Payroll	0.00%	1.02%	1.02%	1.02%

This schedule is presented to show information for 10 years. Until information for the full 10-year period is available, information will be presented for the years it is available.

<u>12/31/19</u>	<u>12/31/18</u>	<u>12/31/17</u>
0.0041600000%	0.0059600000%	0.0059500000%
\$ 46,767	\$ 81,095	\$ 77,338
\$ 374,123	\$ 504,119	\$ 483,123
13%	16%	16%
24%	17%	18%
<u>6/30/20</u>	<u>6/30/19</u>	<u>6/30/18</u>
\$ 3,219	\$ 4,574	\$ 5,224
<u>(3,219)</u>	<u>(4,574)</u>	<u>(5,224)</u>
\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
\$ 315,610	\$ 448,420	\$ 512,108
1.02%	1.02%	1.02%

**PARADOX VALLEY CHARTER SCHOOL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2024

**NOTE 1: Stewardship, Compliance, and Accountability**

**Budgetary Information**

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

- Management submits to the Board of Directors a proposed budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing them.
- Prior to June 30, the budget is adopted by the Board of Directors.
- Expenditures may not legally exceed budget appropriations at the fund level. Revisions that alter the total expenditures of any fund must be approved by the Board of Directors.
- All appropriations lapse at fiscal year-end.

**Budget Compliance**

At June 30, 2024, the School's General Fund actual expenditures exceeded budgeted expenditures by \$50,535. This may be a violation of state statutes. These expenditures are related to the final closure expenditures after the school ceased operations as of June 30, 2023. The District served as the administrator for these expenditures due to the lack of remaining administrative staff employed by the School.

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

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

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

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

**NOTE 3: Changes in Assumptions and Other Inputs**

No changes made to the actuarial methods or assumptions.