



**BACA COUNTY SCHOOL DISTRICT RE-1  
WALSH, COLORADO**

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

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

**BACA COUNTY SCHOOL DISTRICT RE-1**

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## INDEPENDENT AUDITOR'S REPORT

Board of Education  
Baca County School District RE-1  
Walsh, Colorado

### Report on the Audit of the Financial Statements

#### Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Baca County School District RE-1 (the District) as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the basic financial statements of the District, as listed in the table of contents.

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

#### Basis of Opinions

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

#### Responsibilities of Management for the Financial Statements

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

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

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

### **Required Supplementary Information**

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

**Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual nonmajor fund statements and budgetary comparison schedules, and the auditor's integrity report listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling the information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*DWC Auditing and Consulting, LLC*

March 11, 2026  
Bailey, Colorado

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

# Walsh School District RE-1

## Management's Discussion and Analysis

The discussion and analysis of Walsh School District RE-1's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2025. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should review the information presented here in conjunction with the notes to the basic financial statements and the financial statements to enhance their understanding of the District's performance.

The Management Discussion and Analysis (MD&A) is an element of the new reporting model adopted by the Governmental Accounting Standard Board (GASB) in their Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments, issued June 1999. The GASB requires certain comparative information between the current year and the prior year to be presented in the MD&A.

As of June 30, 2025, the District's proportionate share of the net PERA pension liability was \$3,479,052. Under GASB 68 the District's proportionate share of the net pension liability of the Colorado state retirement system, the Public Employees Retirement Association (PERA), is recorded as a District liability. The District's proportionate share of the net other post-employment benefits liability (OPEB) was \$61,728. Based on total liabilities, deferred inflows, and deferred inflows, there was an increase in net position of total governmental funds.

### **Financial Highlights**

- The General Fund Balance as of June 30, 2025 was \$1,959,884, a decrease of \$111,881. For the 2025 fiscal year, the District levied 7 mills of the voter approved 10 mills levy override. Only 7 mills of the levy override have been budgeted for the 2025 fiscal year. The revenue to expenditure deficit will be offset by the increase in the general fund balance that has been seen over the past 2 years.
- The District's total net position increased by \$10,777,179 largely as a result of the District's change in proportionate share of the PERA net pension liability. In addition, unrestricted net position is negative \$1,498,020. While unrestricted net position does indicate negative overall fiscal health, the reader should be aware that this does not necessarily reflect the fund-level fiscal health of the district.

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- Expenses from governmental activities totaled \$4,158,971 and were countered by revenues totaling \$14,936,150.
- General revenues reported include \$1,053,478 from property taxes, \$117,987 from specific ownership taxes, \$2,624,582 from state equalization, \$134,005 from earnings on investments, and \$33,490 from other revenues.

## **Overview of the Financial Statements**

The Walsh School District RE-1 basic financial statements are comprised of three components:

1. Government-wide financial statements - focusing on both short-term and long-term information about the overall financial status of the District. The government funds financial statements include the General Fund, Insurance Reserve Fund, CPP Fund, Designated Grant Fund, Food Service Fund, and Activity Fund.
2. Fund financial statements – focusing on the individual parts of the government, reporting the District’s operations in more detail than the government-wide statements. The government funds financial statements include the General Fund, Grant Fund, Building Fund, Food Service Fund, Debt Service, and Student Activity Fund.
3. The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplemental information that further explains and supports the financial statements with a comparison of the District’s budget for the year.

## **Government-wide Statements**

The financial statements provided are designed to supply the reader an overview of the District’s financial activities similar to those used in the private sector. The government-wide statements relate to those activities directly related to the education of students. The statement of net position includes all of the government’s assets, deferred outflows of resources, liabilities, and deferred inflows of resources. All of the current year’s revenues and expenses are accounted for in the statement of activities.

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The two government-wide statements report the District's net position and any changes in net position from one year to the next. Net position is the difference between the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, and is one indicator of the District's overall financial health. Net position indicates whether the District's financial health is improving or deteriorating. The reader should note that the net position includes the District's share of the PERA pension plan liability. Changes in the solvency of PERA affect the net position, sometimes dramatically. Other factors to consider when examining net position include non-financial factors such as changes to the District's tax base, student enrollment, and overall condition of facilities.

The government-wide financial statements of the District include the governmental activities. Most of the district's basic services are included within, such as instruction, supporting services, general administration, and capital outlay. The statements also indicate that funding for these services come primarily from state equalization, property tax, and grant sources.

## **Fund Financial Statements**

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

### **Governmental Funds**

Governmental funds account for the same functions reported as governmental activities in the government-wide financial statements. However, governmental fund financial statements emphasize short-term financial resources and fund balances, or those available at the end of the fiscal year. Such information is used to evaluate the District's short-term financing requirements. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. Comparison of the governmental funds with the government-wide funds may allow the reader to better understand the long-term impact of the District's short-term financing decisions.

Walsh School District maintains the following fund types:

- General Fund – accounts for all financial resources except for those legally required to be accounted for separately. The Colorado Preschool Project Fund (UPK) is combined

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with the General Fund and accounts for all financial resources related to preschool students identified by the UPK program and is reported as part of the General Fund.

- Grants Fund – accounts for all financial resources tied to specific grant funding.
- Student Activity Fund – accounts for all financial resources held by special interest groups such as clubs, organizations, and classes.
- Food Service Fund – accounts for all financial resources related to the operation of the school lunch program.
- Building Fund - accounts for all resources available for acquiring capital sites, buildings and equipment. Examples of such resources include bond sale proceeds, grants, donations and interfund transfers. Fund 41 required to be used for Bond sales reported to capital acquisitions.
- Bond Redemption Fund- account for the accumulation of resources for and the payment of principal, interest and related expenses on long-term general obligation debt or long-term voter-approved financed (lease)-purchase debt.

## **Notes to the Basic Financial Statements**

The notes to the basic financial statements provide additional information essential to a full understanding of the data provided in the district-wide and fund financial statements.

## **Required Supplementary Information**

Each year, the District adopts a budget and appropriation resolutions for each of the individual governmental funds. A budgetary comparison for the general fund is included in the fund financial statements to demonstrate compliance with the adopted budget. A comparison of the remaining governmental funds are also reported as supplemental information.

## **Financial Analysis**

As previously stated, net position is one indicator of an entity's financial health. The net position of Walsh School District increased by \$10,777,179 which was more than the increase seen in the prior years due to the construction projects as a result of the BEST Grant program. The District's net position was \$40,714,070 as of June 30, 2025.

Walsh School District's current assets total was \$8,654,642 with an additional \$44,459,416 in capital assets such as land, buildings, equipment, etc. As capital assets are used to provide services to students, these assets are not available for expenditures. The ratio of current assets to current liabilities is approximately 2.6:1 indicating that the District is solvent and able to meet its financial obligations.

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	<u>Governmental Activities</u>	
	<u>2025</u>	<u>2024</u>
Assets		
Current and Other Assets	8,654,642	8,187,398
Capital Assets, Net	<u>44,459,416</u>	<u>34,151,714</u>
Total Assets	53,114,058	42,339,112
Deferred Outflows of Resources	699,786	1,045,375
Liabilities		
Current and Other Liabilities	3,436,752	3,137,114
Long-Term Liabilities	<u>9,349,126</u>	<u>10,036,555</u>
Total Liabilities	12,785,878	13,173,669
Deferred Inflows of Resources	313,896	273,927
Net Position		
Net Investment in Capital Assets	41,448,577	30,527,181
Restricted For:		
Emergencies	432,000	840,000
Preschool	5,525	0
Debt Service	312,254	322,897
Food Service	13,734	94,625
Unrestricted	<u>-1,498,020</u>	<u>-1,847,812</u>
Total Net Position	<u>40,714,070</u>	<u>29,936,891</u>

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## Governmental Activities

The table below displays the District’s major fiscal functions, and the net costs associated with each. As would be expected of a school district, the major functions involve instructional services and related supporting services.

### Walsh School District RE-1

	<u>Governmental Activities</u>	
	<u>2025</u>	<u>2024</u>
<b>REVENUES</b>		
Charges for Services	66,300	177,686
Operating Grants and Contributions	642,644	462,108
Capital Grants and Contributions	10,263,664	20,287,258
Property Taxes	1,053,478	1,119,364
Specific Ownership Taxes	117,987	119,335
State Equalization	2,624,582	2,343,924
Investment Income	134,005	193,160
Insurance Proceeds	-	22,178
Other	<u>33,490</u>	<u>192,608</u>
Total Revenues	<u>14,830,150</u>	<u>24,917,621</u>
<b>EXPENSES</b>		
Instruction	1,860,161	1,838,667
Supporting Services	1,911,835	1,468,102
Food Services	221,165	179,446
Interest on Long-Term Debt	<u>165,810</u>	<u>149,815</u>
Total Expenses	<u>4,158,971</u>	<u>3,636,030</u>
Change in Net Position	<u>10,777,179</u>	<u>21,281,591</u>
Net Position, Beginning	<u>29,936,891</u>	<u>8,655,300</u>
Net Position, Ending	<u>40,714,070</u>	<u>29,936,891</u>

As table above indicates, the total expenses of governmental activities for the fiscal year ending June 30, 2025, were \$4,158,971. The District’s total expenses were offset by charges for services revenue in the amount of \$66,300, operating grants and contributions totaling \$642,644, and capital grants and contributions totaling \$10,263,664. Revenue for governmental activities came primarily from state equalization in the amount of \$2,624,582. In addition, earnings on investments produced \$134,005 in revenue, and other revenues contributed \$33,490 to supporting District governmental activities.

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## General Fund Budgetary Highlights

The Board adopted a final budget on January 21, 2025 with a total appropriation of \$3,201,511. As of June 30, 2025, the District General Fund had actual expenditures totaling \$3,073,192 along with interfund transfers in the amount of \$955,411, which was \$865,411 more than budgeted. The District recognized \$3,916,722 in revenues, which was more than budgeted amount by \$135,406.

## Capital Assets and Debt Administration

Walsh School District's investments in capital assets for its governmental activities as of June 30, 2025 were \$44,459,416. This figure represents the net capital assets and takes into account \$1,110,810 in total accumulated depreciation. The District's governmental capital assets are composed of the following:

	Balance 6/30/2024	Additions	Deletions	Balance 6/30/2025
<b>Governmental Activities</b>				
Capital Assets, Not Being Depreciated:				
Land	\$ 99,902	\$ -	\$ -	\$ 99,902
Construction in Progress	32,951,018	105,973	32,951,018	105,973
Total Capital Assets, Not Being Depreciated	<u>33,050,920</u>	<u>105,973</u>	<u>-</u>	<u>205,875</u>
Capital Assets, Being Depreciated:				
Buildings	3,433,645	43,739,007	2,963,457	44,209,195
Site Improvements	129,467	-	-	129,467
Vehicles	685,565	-	-	685,565
Equipment	984,566	-	644,442	340,124
Total Capital Assets, Being Depreciated	<u>5,233,243</u>	<u>43,739,007</u>	<u>3,607,899</u>	<u>45,364,351</u>
Less Accumulated Depreciation:				
Buildings	(2,571,410)	(56,460)	(2,500,801)	(127,069)
Site Improvements	(41,537)	(6,473)	-	(48,010)
Vehicles	(590,918)	(32,062)	-	(622,980)
Equipment	(928,584)	(26,334)	(642,167)	(312,751)
Total Accumulated Depreciation	<u>(4,132,449)</u>	<u>(121,329)</u>	<u>(3,142,968)</u>	<u>(1,110,810)</u>
Total Capital Assets, Being Depreciated, Net	<u>1,100,794</u>	<u>43,617,678</u>	<u>464,931</u>	<u>44,253,541</u>
Capital Assets, Governmental Activities, Net	<u>\$ 34,151,714</u>	<u>\$ 43,723,651</u>	<u>\$ 33,415,949</u>	<u>\$ 44,459,416</u>

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## **Long-Term Debt:**

During the fiscal year ended June 30, 2025, the District with voter approval issued general obligation bonds to assist in the financing of construction projects. These bonds were issued in 2022 for the original amount of \$5,680,000 and mature serially on December 1, 2046, in amounts varying from \$180,000 to \$345,000 with interest from 3.00% to 4.00% payable semi-annually. The general obligation bond balance for the year ended June 30, 2025 was \$5,205,000 compared to \$5,355,000 the prior year, a decrease of \$150,000.

## **Next Year's Budget and Future Economic Status of the District**

The 2025-2026 budget will continue to be impacted by the uncertain future of PERA reform and school finance at the State and Federal levels. Furthermore, while enrollment appears to be stabilizing, the trend favors an overall decline. Despite these fiscal concerns, District administration is confident in its ability to maintain overall financial solvency. In the upcoming year, the mill levy override will be certified at 6 mills over the base, and the district is conducting a comprehensive needs assessment to determine where funds are most needed, and areas where cuts can be made. The District will continue to engage in a budget development process that is comprehensive and effective in controlling expenditures while meeting the needs of all students.

## **Requests for Information**

The purpose of the Management's Discussion and Analysis is to provide the District's citizens, taxpayers, customers, and creditors a general overview of the District's finances. This financial report provides an added layer of fiscal accountability, and as such, may generate questions or concerns. Questions or comments concerning this report may be addressed to Richard Hargrove, Superintendent of Schools, P.O. Box 68, Walsh, CO 81090, or by calling 719-324-5400.

## **BASIC FINANCIAL STATEMENTS**

**BACA COUNTY SCHOOL DISTRICT RE-1****STATEMENT OF NET POSITION**

June 30, 2025

	<u>PRIMARY GOVERNMENT GOVERNMENTAL ACTIVITIES</u>
<b>ASSETS</b>	
Cash and Investments	\$ 5,478,911
Accounts Receivable	57,290
Grants Receivable	3,028,282
Taxes Receivable	88,478
Inventories	1,681
Capital Assets, <i>Not Being Depreciated</i>	205,875
Capital Assets, <i>Net of Accumulated Depreciation</i>	<u>44,253,541</u>
<b>TOTAL ASSETS</b>	<u>53,114,058</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Pensions, <i>Net of Accumulated Amortization</i>	687,644
OPEB, <i>Net of Accumulated Amortization</i>	<u>12,142</u>
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u>699,786</u>
<b>LIABILITIES</b>	
Accounts Payable	1,019,668
Retainage Payable	1,909,476
Accrued Salaries and Benefits	237,582
Unearned Revenue	82,250
Accrued Interest Payable	17,088
Noncurrent Liabilities	
Due Within One Year	170,688
Due in More Than One Year	5,808,346
Net Pension Liability	3,479,052
Net OPEB Liability	<u>61,728</u>
<b>TOTAL LIABILITIES</b>	<u>12,785,878</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Pensions, <i>Net of Accumulated Amortization</i>	273,031
OPEB, <i>Net of Accumulated Amortization</i>	<u>40,865</u>
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>313,896</u>
<b>NET POSITION</b>	
Net Investment in Capital Assets	41,448,577
Restricted for:	
Emergencies	432,000
Preschool	5,525
Food Service	13,734
Debt Service	312,254
Unrestricted	<u>(1,498,020)</u>
<b>TOTAL NET POSITION</b>	<u>\$ 40,714,070</u>

*See Notes to the Financial Statements.*

**BACA COUNTY SCHOOL DISTRICT RE-1**  
**STATEMENT OF ACTIVITIES**  
Year Ended June 30, 2025

FUNCTIONS / PROGRAMS	EXPENSES	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGE IN NET POSITION PRIMARY GOVERNMENT
PRIMARY GOVERNMENT		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES
<b>Governmental Activities</b>					
Instruction	\$ 1,860,161	\$ 47,335	\$ 326,267	\$ -	\$ (1,486,559)
Supporting Services	1,911,835	9,505	165,851	10,263,664	8,527,185
Food Service	221,165	9,460	150,526	-	(61,179)
Interest on Long-Term Debt	165,810	-	-	-	(165,810)
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>\$ 4,158,971</b>	<b>\$ 66,300</b>	<b>\$ 642,644</b>	<b>\$ 10,263,664</b>	<b>6,813,637</b>
<b>GENERAL REVENUES</b>					
Local Property Taxes					1,053,478
Specific Ownership Taxes					117,987
State Equalization					2,624,582
Investment Income					134,005
Other					33,490
<b>TOTAL GENERAL REVENUES</b>					<b>3,963,542</b>
<b>CHANGE IN NET POSITION</b>					<b>10,777,179</b>
NET POSITION, Beginning					29,936,891
NET POSITION, Ending					<b>\$ 40,714,070</b>

**BACA COUNTY SCHOOL DISTRICT RE-1**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
June 30, 2025

	GENERAL	BUILDING
<b>ASSETS</b>		
Cash and Investments	\$ 2,220,884	\$ 2,816,710
Accounts Receivable	21,801	-
Taxes Receivable	88,478	-
Grants Receivable	5,562	3,022,720
Inventories	-	-
	-	-
<b>TOTAL ASSETS</b>	\$ 2,336,725	\$ 5,839,430
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>		
<b>LIABILITIES</b>		
Accounts Payable	\$ 16,898	\$ 993,135
Retainage Payable	-	1,909,476
Accrued Salaries and Benefits	237,582	-
Unearned Revenue	70,284	-
	-	-
<b>TOTAL LIABILITIES</b>	324,764	2,902,611
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Property Taxes	52,077	-
<b>FUND BALANCES</b>		
Nonspendable Inventories	-	-
Restricted for:		
Emergencies	432,000	-
Preschool	5,525	-
Food Service	-	-
Debt Service	-	-
Capital Projects	-	2,936,819
Assigned to Student Activities	-	-
Unassigned	1,522,359	-
<b>TOTAL FUND BALANCES</b>	1,959,884	2,936,819
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	\$ 2,336,725	\$ 5,839,430

NONMAJOR GOVERNMENTAL FUNDS		TOTAL	
\$	441,317	\$	5,478,911
	35,489		57,290
	-		88,478
	-		3,028,282
	1,681		1,681
	<u>478,487</u>		<u>8,654,642</u>
\$	9,635	\$	1,019,668
	-		1,909,476
	-		237,582
	11,966		82,250
	<u>21,601</u>		<u>3,248,976</u>
	<u>27,836</u>		<u>79,913</u>
	1,681		1,681
	-		432,000
			5,525
	13,734		13,734
	329,342		329,342
			2,936,819
	84,293		84,293
	-		1,522,359
	<u>429,050</u>		<u>5,325,753</u>
\$	<u>478,487</u>	\$	<u>8,654,642</u>

**BACA COUNTY SCHOOL DISTRICT RE-1**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET POSITION**  
June 30, 2025

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

Total Fund Balances of Governmental Funds	\$	5,325,753
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds.		44,459,416
Long-term assets are not available to pay current year expenditures and, therefore, are deferred in governmental funds. This amount represents property taxes earned but not available as current financial resources.		79,913
Long-term liabilities and related items are not due and payable in the current year and, therefore, are not reported in governmental funds:		
Accrued Interest Payable		(17,088)
Compensated Absences		(15,688)
Bonds Payable		(5,205,000)
Bond Premium		(758,346)
Net Pension Liability		(3,479,052)
Pension-Related Deferred Outflows of Resources		687,644
Pension-Related Deferred Inflows of Resources		(273,031)
Net OPEB Liability		(61,728)
OPEB-Related Deferred Outflows of Resources		12,142
OPEB-Related Deferred Inflows of Resources		(40,865)
		(40,865)
Total Net Position of Governmental Activities	\$	40,714,070

**BACA COUNTY SCHOOL DISTRICT RE-1**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
Year Ended June 30, 2025

	GENERAL	BUILDING
REVENUES		
Local Sources	\$ 996,958	\$ 69,036
County Sources	15	-
State Sources	2,914,087	10,263,649
Federal Sources	5,662	-
	3,916,722	10,332,685
 TOTAL REVENUES	 3,916,722	 10,332,685
EXPENDITURES		
Current		
Instruction	1,633,799	-
Supporting Services	1,388,279	4,247
Food Services	-	-
Capital Outlay	51,114	10,893,941
Debt Service		
Principal	-	-
Interest and Fiscal Charges	-	-
	3,073,192	10,898,188
 TOTAL EXPENDITURES	 3,073,192	 10,898,188
 EXCESS REVENUES OVER (UNDER) EXPENDITURES	 843,530	 (565,503)
OTHER FINANCING SOURCES (USES)		
Transfers In	-	953,249
Transfers Out	(955,411)	-
	(955,411)	953,249
 TOTAL OTHER FINANCING SOURCES (USES)	 (955,411)	 953,249
 CHANGES IN FUND BALANCES	 (111,881)	 387,746
FUND BALANCES, Beginning	2,071,765	2,549,073
FUND BALANCES, Ending	\$ 1,959,884	\$ 2,936,819

NONMAJOR GOVERNMENTAL FUNDS		TOTAL	
\$	469,999	\$	1,535,993
	-		15
	24,916		13,202,652
	<u>212,208</u>		<u>217,870</u>
	<u>707,123</u>		<u>14,956,530</u>
	175,074		1,808,873
	2,163		1,394,689
	223,169		223,169
	-		10,945,055
	150,000		150,000
	<u>226,445</u>		<u>226,445</u>
	<u>776,851</u>		<u>14,748,231</u>
	<u>(69,728)</u>		<u>208,299</u>
	2,162		955,411
	<u>-</u>		<u>(955,411)</u>
	<u>2,162</u>		<u>-</u>
	(67,566)		208,299
	<u>496,616</u>		<u>5,117,454</u>
\$	<u><u>429,050</u></u>	\$	<u><u>5,325,753</u></u>

**BACA COUNTY SCHOOL DISTRICT RE-1**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
Year Ended June 30, 2025

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

Net Change in Fund Balances of Governmental Funds	\$	208,299
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as follows:		
Depreciation Expense		(121,329)
Capital Outlay		10,893,962
Loss on Disposal of Capital Assets		(464,931)
Revenues that do not provide current financial resources are deferred in the governmental fund financial statements but are recognized in the government-wide financial statements. This amount represents the change in deferred property taxes.		
		(20,380)
The repayment of long-term debt principal is an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net position and does not affect the statement of activities.		
		150,000
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. This includes the changes in the following:		
Accrued Interest Payable		375
Amortization of Bond Premiums		60,260
Accrued Compensated Absences		(15,688)
Net Pension Liability		439,285
Pension-Related Deferred Outflows of Resources		(341,649)
Pension-Related Deferred Inflows of Resources		(40,469)
Net OPEB Liability		32,884
OPEB-Related Deferred Outflows of Resources		(3,940)
OPEB-Related Deferred Inflows of Resources		500
		500
Change in Net Position of Governmental Activities	\$	10,777,179

**BACA COUNTY SCHOOL DISTRICT RE-1**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2025

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

The accounting policies of the Baca County School District RE-1 (the District) conform to generally accepted accounting principles as applicable to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Following is a summary of the District's more significant policies.

**Reporting Entity**

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

The financial statements of the District do not include any separately administered organizations.

**Government-wide and Fund Financial Statements**

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

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

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

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

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

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

The *Building Fund* is used to account for the accumulation of resources for, and the payment of, District construction and capital projects.

**BACA COUNTY SCHOOL DISTRICT RE-1**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2025

**NOTE 1: Summary of Significant Accounting Policies (Continued)**

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

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

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

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

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

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

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

*Cash and Investments* – The District utilizes the pooled cash concept whereby cash balances of each of the District's funds are pooled and invested by the District. Investments are reported at fair value.

*Receivables* – All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Property taxes levied for the current year but not received at year end are reported as taxes receivable and are presented net of an allowance for uncollectible taxes.

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

**BACA COUNTY SCHOOL DISTRICT RE-1**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2025

**NOTE 1: Summary of Significant Accounting Policies (Continued)**

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

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

Buildings and Site Improvements	15 - 30 years
Equipment and Vehicles	5 - 10 years

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

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

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

*Deferred Inflows of Resources* – This separate financial statement element represents a consumption of net assets that applies to future periods and so will not be recognized as an inflow of resources until then. Deferred inflows of resources in the governmental fund financial statements include property taxes earned but not available as current financial resources.

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

*Compensated Absences* – Full-time certified personnel are allowed to accrue leave not to exceed forty days. All other types of leave may not be accumulated after the employee's contract year. Up to five days in excess of an accumulation of twenty may be sold to the District in the month of December, for most staff at the current substitute rate. Staff leaving the District after 15 years of continuous service are paid for their leave balances at the current substitute rate.

**BACA COUNTY SCHOOL DISTRICT RE-1**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2025

**NOTE 1: Summary of Significant Accounting Policies (Continued)**

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

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

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

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

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

**Property Taxes**

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

**BACA COUNTY SCHOOL DISTRICT RE-1**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2025

**NOTE 2: Cash and Investments**

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

Cash on Hand	\$ 600
Deposits	4,401,469
Investments	1,076,842
Total	\$ 5,478,911

**Deposits**

The Colorado Public Deposit Protection Act (PDPA) requires local government entities to deposit cash in eligible public depositories. Eligibility is determined by State regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. The PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution or held in trust for all uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. At June 30, 2025, the District had bank deposits of \$4,177,126 collateralized with securities held by the financial institution’s agent but not in the District’s name.

**Investments**

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

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

*Local Government Investment Pool* - At June 30, 2025, the District had \$1,076,842 invested in the Colorado Local Government Liquid Asset Trust (ColoTrust). ColoTrust is an investment vehicle established for local government entities in Colorado to pool surplus funds. The Colorado Division of Securities administers and enforces the requirements of creating and operating ColoTrust. ColoTrust operates in conformity with the Securities and Exchange Commission’s Rule 2a-7. ColoTrust is measured at the net asset value per share, with each share valued at \$1. ColoTrust is rated AAAM by Standard and Poor’s. Investments of ColoTrust are limited to those allowed by State statutes. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. The custodian’s internal records identify the investments owned by the participating governments.

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

**BACA COUNTY SCHOOL DISTRICT RE-1**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2025

**NOTE 2: Cash and Investments (Continued)**

**Investments (Continued)**

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

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

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

**NOTE 3: Capital Assets**

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

	Balance 6/30/2024	Additions	Deletions	Balance 6/30/2025
<b>Governmental Activities</b>				
Capital Assets, Not Being Depreciated:				
Land	\$ 99,902	\$ -	\$ -	\$ 99,902
Construction in Progress	32,951,018	105,973	32,951,018	105,973
Total Capital Assets, Not Being Depreciated	<u>33,050,920</u>	<u>105,973</u>	<u>32,951,018</u>	<u>205,875</u>
Capital Assets, Being Depreciated:				
Buildings	3,433,645	43,739,007	2,963,457	44,209,195
Site Improvements	129,467	-	-	129,467
Vehicles	685,565	-	-	685,565
Equipment	984,566	-	644,442	340,124
Total Capital Assets, Being Depreciated	<u>5,233,243</u>	<u>43,739,007</u>	<u>3,607,899</u>	<u>45,364,351</u>
Less Accumulated Depreciation:				
Buildings	(2,571,410)	(56,460)	(2,500,801)	(127,069)
Site Improvements	(41,537)	(6,473)	-	(48,010)
Vehicles	(590,918)	(32,062)	-	(622,980)
Equipment	(928,584)	(26,334)	(642,167)	(312,751)
Total Accumulated Depreciation	<u>(4,132,449)</u>	<u>(121,329)</u>	<u>(3,142,968)</u>	<u>(1,110,810)</u>
Total Capital Assets, Being Depreciated, Net	<u>1,100,794</u>	<u>43,617,678</u>	<u>464,931</u>	<u>44,253,541</u>
Capital Assets, Governmental Activities, Net	<u>\$ 34,151,714</u>	<u>\$ 43,723,651</u>	<u>\$ 33,415,949</u>	<u>\$ 44,459,416</u>

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

Instruction	\$ 95,588
Supporting Services	25,741
Total	<u>\$ 121,329</u>

**BACA COUNTY SCHOOL DISTRICT RE-1**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2025

**NOTE 4: Interfund Balances and Transfers**

During the year ended June 30, 2025, the General Fund transferred \$2,162 to the Food Service Fund to subsidize food service operations and \$953,249 to the Building Fund for a portion of its matching share of the BEST grant expenditures.

**NOTE 5: Long-Term Debt**

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

	Balance 6/30/2024	Additions	Reductions	Balance 6/30/2025	Due Within One Year
<b>Governmental Activities</b>					
G.O. Bonds, Series 2022	\$ 5,355,000	\$ -	\$ 150,000	\$ 5,205,000	\$ 155,000
Bond Premium, Series 2022	818,606	-	60,260	758,346	-
Compensated Absences	-	15,688	-	15,688	15,688
<b>Total Long-Term Debt</b>	<b>\$ 6,173,606</b>	<b>\$ 15,688</b>	<b>\$ 210,260</b>	<b>\$ 5,979,034</b>	<b>\$ 170,688</b>

In February of 2022, the District issued a previously approved general obligation bond in the amount of \$5,680,000 to provide matching-money for a BEST grant to build and improve buildings on existing District land. The District received a premium on issuance of \$964,015. Principal payments are due annually on December 1<sup>st</sup>, through 2046. Interest payments are due semi-annually on June 1<sup>st</sup> and December 1<sup>st</sup>, with interest accruing at rate between 3% and 4% per annum. The full faith and credit of the District is pledged for the payment of the principal and interest on these bonds with ad valorem taxes on all of the taxable property in the District. Bond payments to maturity are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 155,000	\$ 202,725	\$ 357,725
2027	160,000	198,000	358,000
2028	165,000	192,300	357,300
2029	170,000	185,600	355,600
2030	175,000	178,700	353,700
2031-2035	1,000,000	779,200	1,779,200
2036-2040	1,225,000	557,500	1,782,500
2041-2045	1,480,000	287,400	1,767,400
2046-2027	675,000	27,300	702,300
<b>Total</b>	<b>\$ 5,205,000</b>	<b>\$ 2,608,725</b>	<b>\$ 7,813,725</b>

**NOTE 6: 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 maintains commercial insurance for all risks of loss. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

**BACA COUNTY SCHOOL DISTRICT RE-1**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2025

**NOTE 7: Defined Benefit Pension Plan**

**General Information**

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

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

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

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

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

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

**BACA COUNTY SCHOOL DISTRICT RE-1**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2025

**NOTE 7: Defined Benefit Pension Plan (Continued)**

**General Information (Continued)**

*Contributions provisions as of June 30, 2025* - The District, State, and eligible employees are required to contribute to the SDTF at rates established by Title 24, Article 51, Part 4 of the CRS. These contribution requirements are established and may be amended by the State Legislature. The contribution rate for employees was 11% for the period from July 1, 2024, through June 30, 2025. The District's contribution rate for the fiscal year was 21.40% of covered salaries. However, a portion of the District's contribution (1.02% of covered salaries) is allocated to the Health Care Trust Fund (Note 8). The District's contributions to the SDTF for the year ended June 30, 2025, were \$326,776 equal to the required contributions at a contribution rate of 20.38%.

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

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

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

At December 31, 2024, the District's proportion was 0.0201626892%, which was a decrease of 0.0019955640% from its proportion measured at December 31, 2023.

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

District's proportionate share of the net pension liability	\$ 3,479,052
State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the District	312,474
	312,474
Total	\$ 3,791,526

For the year ended June 30, 2025, the District recognized pension expense of \$269,451 and a revenue of (\$28,520) for support from the State as a nonemployer contributing entity. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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**NOTE 7: Defined Benefit Pension Plan (Continued)**

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 197,014	\$ -
Changes of assumptions and other inputs	26,083	-
Net difference between projected and actual earnings on plan investments	65,642	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	230,016	273,031
Contributions subsequent to the measurement date	168,889	-
Total	\$ 687,644	\$ 273,031

District contributions subsequent to the measurement date of \$168,889 will be recognized as a reduction of the net pension liability in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Year Ended June 30,</u>			
2026		\$	215,934
2027			211,532
2028			(134,927)
2029			(46,815)
Total		\$	245,724

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

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

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

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**NOTE 7: Defined Benefit Pension Plan (Continued)**

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

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

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

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

Based on the 2024 experience analysis, dated January 3, 2025, for the period January 1, 2020, to December 31, 2023, revised actuarial assumptions were adopted by PERA's Board of Directors on January 17, 2025, and were effective as of December 31, 2024. The following assumptions were reflected in the roll-forward calculation of the total pension liability from December 31, 2023, to December 31, 2024.

Salary scale assumptions were altered to better reflect actual experience. Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience. The estimated administrative expense as a percentage of covered payroll was increased from 0.40% to 0.45%.

The adjustments for credibility applied to the Pub-2010 mortality tables for active and retired lives, including beneficiaries, were updated based on the experience. All mortality assumptions are developed on a benefit-weighted basis. All of the following categories for the mortality tables are generationally projected using the 2024 adjusted MP-2021 projection scale.

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

**BACA COUNTY SCHOOL DISTRICT RE-1**  
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**NOTE 7: Defined Benefit Pension Plan (Continued)**

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

The long-term expected return on plan assets is monitored on an ongoing basis and reviewed as part of periodic experience studies prepared every four years, and asset/liability studies, performed every three to five years for PERA. The most recent analyses were outlined in the 2024 Experience Study report dated January 3, 2025.

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

The PERA Board first adopted the 7.25% long-term expected rate of return as of November 18, 2016. Following an asset/liability study, PERA’s Board of Directors reaffirmed the assumed rate of return at the PERA Board of Director's November 15, 2019, meeting, and again at the Board’s September 22, 2024, meeting. As of the most recent reaffirmation of the long-term rate of return, the target asset allocation, and best estimates of geometric real rates of return for each major asset class are summarized in the table as follows:

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

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

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

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

**BACA COUNTY SCHOOL DISTRICT RE-1**  
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**NOTE 7: Defined Benefit Pension Plan (Continued)**

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

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

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

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

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**NOTE 7: Defined Benefit Pension Plan (Continued)**

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	\$ 4,716,788	\$ 3,479,052	\$ 2,442,275

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

**NOTE 8: Postemployment Healthcare Benefits**

**General Information**

*Plan Description* - All employees of the District are eligible to receive postemployment benefits other than pensions (OPEB) through the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the Public Employees’ Retirement Association of Colorado (PERA). Title 24, Article 51, Part 12 of the Colorado Revised Statutes (CRS), as amended, sets forth a framework that grants authority to the PERA Board to contract, self-insure, and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of the premium subsidies. CRS provisions may be amended by the Colorado General Assembly. PERA issues a publicly available financial report, that includes information on the HCTF, which may be obtained at <https://copera.org/forms-resources/financial-reports-and-studies>.

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

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

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

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**NOTE 8: Postemployment Healthcare Benefits (Continued)**

**General Information (Continued)**

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

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

*Contributions* - As established by Title 24, Article 51, Section 208(1)(f) of the CRS, as amended, 1.02% of the District's contributions to the School Division Trust Fund (SDTF) (Note 7) are apportioned to the HCTF. No employee contributions are required. These contribution requirements are established and may be amended by the State Legislature. The District's apportionment to the HCTF for the year ended June 30, 2025, was \$16,355, equal to the required amount.

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

At June 30, 2025, the District reported a net OPEB liability of \$61,728, representing its proportionate share of the net OPEB liability of the HCTF. The net OPEB liability was measured at December 31, 2024, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2023. Standard update procedures were used to roll forward the total OPEB liability to December 31, 2024. The District's proportion of the net OPEB liability was based on the District's contributions to the HCTF for the calendar year ended December 31, 2024, relative to the contributions of all participating employers.

At December 31, 2024, the District's proportion was 0.0129093172%, which was a decrease of 0.0003467437% from its proportion measured at December 31, 2023.

For the year ended June 30, 2025, the District recognized OPEB expense of (\$13,026). At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

**BACA COUNTY SCHOOL DISTRICT RE-1**  
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**NOTE 8: Postemployment Healthcare Benefits (Continued)**

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 13,616
Changes of assumptions and other inputs	708	19,728
Net difference between projected and actual earnings on plan investments	210	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	2,771	7,521
Contributions subsequent to the measurement date	8,453	-
Total	\$ 12,142	\$ 40,865

District contributions subsequent to the measurement date of \$8,453 will be recognized as a reduction of the net OPEB liability in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

<u>Year Ended June 30,</u>	
2026	\$ (10,524)
2027	(5,855)
2028	(9,007)
2029	(5,744)
2030	(4,006)
2031	(2,040)
Total	\$ (37,176)

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

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**NOTE 8: Postemployment Healthcare Benefits (Continued)**

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

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

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

Annually, the per capita health care costs are developed by plan option. At December 31, 2023, actuarial valuation and costs are based on 2024 premium rates for the UnitedHealthcare Medicare Advantage Prescription Drug (MAPD) PPO plan #1, the UnitedHealthcare MAPD PPO plan #2, and the Kaiser Permanente MAPD HMO plan. Actuarial morbidity factors are then applied to estimate individual retiree and spouse costs by age, gender, and health care cost trend. This approach applies to all members and is adjusted accordingly for those not eligible for premium-free Medicare Part A for the PERA benefit structure.

Age-Related Morbidity Assumptions

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

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**NOTE 8: Postemployment Healthcare Benefits (Continued)**

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

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

Sample Age	MAPD PPO #1 with Medicare Part A for Retiree / Spouse		MAPD PPO #2 with Medicare Part A for Retiree / Spouse		MAPD HMO (Kaiser) with Medicare Part A for Retiree / Spouse	
	Male	Female	Male	Female	Male	Female
	65	\$ 1,710	\$ 1,420	\$ 585	\$ 486	\$ 1,897
70	\$ 1,921	\$ 1,589	\$ 657	\$ 544	\$ 2,130	\$ 1,763
75	\$ 2,122	\$ 1,670	\$ 726	\$ 571	\$ 2,353	\$ 1,853

  

Sample Age	MAPD PPO #1 without Medicare Part A for Retiree / Spouse		MAPD PPO #2 without Medicare Part A for Retiree / Spouse		MAPD HMO (Kaiser) without Medicare Part A for Retiree / Spouse	
	Male	Female	Male	Female	Male	Female
	65	\$ 6,536	\$ 5,429	\$ 4,241	\$ 3,523	\$ 7,063
70	\$ 7,341	\$ 6,073	\$ 4,764	\$ 3,941	\$ 7,933	\$ 6,563
75	\$ 8,110	\$ 6,385	\$ 5,262	\$ 4,143	\$ 8,763	\$ 6,900

The 2024 Medicare Part A premium is \$505 per month. All costs are subject to the health care cost trend rates.

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

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and industry methods developed by health plan actuaries and administrators. In addition, projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services are referenced in the development of these rates. Medicare plan rates are applied where members have no premium-free Part A and where those premiums are already exceeding the maximum subsidy. MAPD PPO #2 has a separate trend, because the first year rates are still below the maximum subsidy and to reflect the estimated impact of the Inflation Reduction Act for that plan option.

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

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**NOTE 8: Postemployment Healthcare Benefits (Continued)**

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

Measurement Year	PERACare Medicare Plans *	PERACare Medicare Plans *	Medicare Part A Premiums
2024	16.00%	105.00%	3.50%
2025	6.75%	8.55%	3.75%
2026	6.50%	8.10%	3.75%
2027	6.25%	7.65%	4.00%
2028	6.00%	7.20%	4.00%
2029	5.75%	6.75%	4.25%
2030	5.50%	6.30%	4.25%
2031	5.25%	5.85%	4.25%
2032	5.00%	5.40%	4.25%
2033	4.75%	4.95%	4.50%
2034+	4.50%	4.50%	4.50%

\*Increase in 2024 trend rates due to the effect of the Inflation Reduction Act.

Mortality assumptions used in the December 31, 2023, valuation for the determination of the total pension liability, reflect generational mortality and were applied, as applicable, in the December 31, 2023, valuation for the HCTF, but developed using a headcount-weighted basis. SDTF participates in the HCTF (Note 7).

All categories of the mortality tables are generationally projected using scale MP-2019.

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

The health care costs assumptions were updated and used in the roll-forward calculation for the HCTF. Per capita health care costs as of the December 31, 2023, valuation date for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits were updated to reflect the costs for the 2024 plan year. The healthcare cost trend rates applicable to health care premiums were revised to reflect the then-current expectation of future increases in those premiums. A separate trend rate assumption set was added for MAPD PPO #2 as the first-year rate is still below the maximum subsidy and also the assumption set reflects the estimated impact of the Inflation Reduction Act for that plan option. The Medicare health care plan election rate assumptions were updated effective as of the December 31, 2023, valuation rate based on an experience analysis of recent data.

**BACA COUNTY SCHOOL DISTRICT RE-1**  
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**NOTE 8: Postemployment Healthcare Benefits (Continued)**

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

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

Based on the 2024 experience analysis, dated January 3, 2025, for the period January 1, 2020, to December 31, 2023, revised actuarial assumptions were adopted by PERA’s Board of Directors on January 17, 2025, and were effective as of December 31, 2024. The following assumptions were reflected in the roll forward calculation of the total OPEB liability from December 31, 2023, to December 31, 2024.

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

- Salary increases, including wage inflation for the SDTF were 4% - 13.40%.
- Salary scale assumptions were altered to better reflect actual experience.
- Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.
- Participation rates were reduced.
- MAPD premium costs are no longer age graded.

Plan	With Medicare Part A	Without Medicare Part A
MAPD PPO#1	\$ 1,824	\$ 6,972
MAPD PPO #2	\$ 624	\$ 4,524
MAPD HMO (Kaiser)	\$ 2,040	\$ 7,596

The adjustments for credibility applied to the Pub-2010 mortality tables for active and retired lives, including beneficiaries, were updated based on the experience. All categories in the mortality tables are generationally projected using the 2024 adjusted MP-2021 project scale. These assumptions updated for the Division Trust Funds, were also applied in the roll-forward calculations for the HCTF using a headcount-weighted basis. Affiliated employers of the SDTF participate in the HCTF (Note 7).

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

The actuarial assumptions pertaining to per capita health care costs and their related trend rates are analyzed annually and updated, as appropriate, by the PERA Board of Director’s actuary.

**BACA COUNTY SCHOOL DISTRICT RE-1**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**NOTE 8: Postemployment Healthcare Benefits (Continued)**

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

The long-term expected return on plan assets is monitored on an ongoing basis and reviewed as part of periodic experience studies prepared every four years, and asset/liability studies, performed every three-to-five years for PERA. The most recent analyses were outlined in the 2024 Experience Study report dated January 3, 2025.

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

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

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

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

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

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

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2024, measurement date.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3%.

**BACA COUNTY SCHOOL DISTRICT RE-1**  
**NOTES TO THE FINANCIAL STATEMENTS**  
 June 30, 2025

**NOTE 8: Postemployment Healthcare Benefits (Continued)**

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

- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Estimated transfers of dollars into the HCTF representing a portion of purchase service agreements intended to cover the costs associated with OPEB benefits.
- Benefit payments and contributions were assumed to be made at the middle of the year.
- As of December 31, 2024, measurement date, the fiduciary net position and related disclosure components for the HCTF reflect payments related to disaffiliation of Tri-County Health Department as a PERA-affiliated employer, effective December 31, 2022. The employer disaffiliation payment allocations to the HCTF and Local Government Division Trust Fund were \$0.020 million and \$0.486 million, respectively.

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

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

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Initial PERACare Medicare trend rate**	5.75%	6.75%	7.75%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial MAPD PPO#2 trend rate**	7.55%	8.55%	9.55%
Ultimate MAPD PPO#2 trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate**	2.75%	3.75%	4.75%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability	\$ 60,065	\$ 61,728	\$ 63,610

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

**BACA COUNTY SCHOOL DISTRICT RE-1**  
**NOTES TO THE FINANCIAL STATEMENTS**  
 June 30, 2025

**NOTE 8: Postemployment Healthcare Benefits (Continued)**

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

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	\$ 75,649	\$ 61,728	\$ 49,727

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

**NOTE 9: Commitments and Contingencies**

**Claims and Judgments**

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

**Tabor Amendment**

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

In November 1996, voters within the District authorized the District to collect and to expend the full revenues received by the District from any source in the current fiscal year and in each fiscal year thereafter, notwithstanding the limits of the Amendment. The Amendment is subject to many interpretations, but the District believes it is in substantial compliance with the Amendment. The Amendment requires the District to establish a reserve for emergencies, representing 3% of qualifying expenditures. At June 30, 2025, the District's emergency reserve was reported as restricted fund balance in the General Fund, in the amount of \$432,000.

**Litigation**

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

**BACA COUNTY SCHOOL DISTRICT RE-1**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2025

**NOTE 10: Joint Venture**

The District, in conjunction with other surrounding districts, participates 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 BOCES board is comprised of one member from each participating district. During the year ended June 30, 2025, the District contributed \$52,649 to the BOCES. Separate financial statements for the BOCES are available at 7784 Saddle Club Dr, Lamar, CO 81052, or online at <https://www.seboces.org/>.

**REQUIRED SUPPLEMENTARY INFORMATION**

**BACA COUNTY SCHOOL DISTRICT RE-1**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
Year Ended June 30, 2025

	BUDGET		ACTUAL	VARIANCE
	ORIGINAL	FINAL		Positive (Negative)
<b>REVENUES</b>				
Local Sources	\$ 968,776	\$ 1,109,453	\$ 996,958	\$ (112,495)
County Sources	-	25	15	(10)
State Grants	2,813,808	2,652,138	2,914,087	261,949
Federal Grants	87,917	19,700	5,662	(14,038)
<b>TOTAL REVENUES</b>	<b>3,870,501</b>	<b>3,781,316</b>	<b>3,916,722</b>	<b>135,406</b>
<b>EXPENDITURES</b>				
<b>Current</b>				
Instruction	1,605,944	1,645,917	1,633,799	12,118
<b>Supporting Services</b>				
Students	102,023	101,718	85,645	16,073
Instructional Staff	34,677	33,860	10,349	23,511
General Administration	376,795	593,240	389,633	203,607
School Administration	241,907	244,382	242,740	1,642
Business Services	55,258	55,465	55,139	326
Operations and Maintenance	444,071	423,431	415,546	7,885
Student Transportation	161,386	159,688	162,422	(2,734)
Central Support	32,000	34,000	26,805	7,195
Total Supporting Services	1,448,117	1,645,784	1,388,279	257,505
Capital Outlay	147,450	151,450	51,114	100,336
Contingency	3,242,988	2,822,163	-	2,822,163
<b>TOTAL EXPENDITURES</b>	<b>3,201,511</b>	<b>3,443,151</b>	<b>3,073,192</b>	<b>369,959</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>668,990</b>	<b>338,165</b>	<b>843,530</b>	<b>505,365</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers Out	-	(90,000)	(955,411)	(865,411)
<b>CHANGE IN FUND BALANCE</b>	<b>668,990</b>	<b>248,165</b>	<b>(111,881)</b>	<b>(360,046)</b>
FUND BALANCE, Beginning	2,573,998	2,573,998	2,071,765	(502,233)
FUND BALANCE, Ending	<u>\$ 3,242,988</u>	<u>\$ 2,822,163</u>	<u>\$ 1,959,884</u>	<u>\$ (862,279)</u>

**BACA COUNTY SCHOOL DISTRICT RE-1**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AND CONTRIBUTIONS**  
**PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION OF COLORADO SCHOOL DIVISION TRUST FUND**  
June 30, 2025

<b>MEASUREMENT YEAR</b>	<u>12/31/24</u>	<u>12/31/23</u>	<u>12/31/22</u>	<u>12/31/21</u>
<b>PROPORTIONATE SHARE OF THE NET PENSION LIABILITY</b>				
District's Proportion of the Net Pension Liability	0.0201626892%	0.0221582532%	0.0183863941%	0.0217953993%
District's Proportionate Share of the Net Pension Liability	\$ 3,479,052	\$ 3,918,337	\$ 2,536,410	\$ 3,554,261
State's Proportionate Share of the Net Pension Liability Associated with the District	<u>312,474</u>	<u>85,918</u>	<u>290,767</u>	<u>-</u>
Total Proportionate Share of the Net Pension Liability	<u>\$ 3,791,526</u>	<u>\$ 4,004,255</u>	<u>\$ 2,827,177</u>	<u>\$ 3,554,261</u>
District's Covered Payroll	\$ 1,558,061	\$ 1,464,857	\$ 1,418,693	\$ 1,281,975
District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	223%	267%	179%	277%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	67%	65%	75%	67%
<b>FISCAL YEAR</b>	<u>6/30/25</u>	<u>6/30/24</u>	<u>6/30/23</u>	<u>6/30/22</u>
<b>DISTRICT CONTRIBUTIONS</b>				
Statutorily Required Contribution	\$ 326,776	\$ 306,342	\$ 293,504	\$ 282,036
Contributions in Relation to the Statutorily Required Contribution	<u>(326,776)</u>	<u>(306,342)</u>	<u>(293,504)</u>	<u>(282,036)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 1,603,409	\$ 1,503,148	\$ 1,438,454	\$ 1,418,693
Contributions as a Percentage of Covered Payroll	20.38%	20.38%	20.40%	19.88%

<u>12/31/20</u>	<u>12/31/19</u>	<u>12/31/18</u>	<u>12/31/17</u>	<u>12/31/16</u>	<u>12/31/15</u>
0.0235101436%	0.0212955070%	0.0228407819%	0.0259194153%	0.0253429839%	0.0252654771%
\$ 3,181,503	\$ 4,044,430	\$ 8,381,418	\$ 7,545,586	\$ 3,864,176	\$ 3,371,880
<u>403,533</u>	<u>553,020</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 3,585,036</u>	<u>\$ 4,597,450</u>	<u>\$ 8,381,418</u>	<u>\$ 7,545,586</u>	<u>\$ 3,864,176</u>	<u>\$ 3,371,880</u>
\$ 1,252,764	\$ 1,260,346	\$ 1,237,126	\$ 1,154,207	\$ 1,110,372	\$ 1,092,379
254%	321%	677%	654%	348%	309%
65%	57%	44%	43%	59%	63%
<u>06/30/21</u>	<u>06/30/20</u>	<u>06/30/19</u>	<u>06/30/18</u>	<u>06/30/17</u>	<u>06/30/16</u>
\$ 254,857	\$ 242,786	\$ 241,104	\$ 233,661	\$ 212,235	\$ 197,601
<u>(254,857)</u>	<u>(242,786)</u>	<u>(241,104)</u>	<u>(233,661)</u>	<u>(212,235)</u>	<u>(197,601)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,281,975	\$ 1,252,764	\$ 1,260,346	\$ 1,237,126	\$ 1,154,207	\$ 1,110,372
19.88%	19.38%	19.13%	18.89%	18.39%	17.80%

**BACA COUNTY SCHOOL DISTRICT RE-1**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY AND CONTRIBUTIONS**  
**PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION OF COLORADO HEALTH CARE TRUST FUND**  
June 30, 2025

<b>MEASUREMENT YEAR</b>	<u>12/31/24</u>	<u>12/31/23</u>	<u>12/31/22</u>	<u>12/31/21</u>
<b>PROPORTIONATE SHARE OF THE NET OPEB LIABILITY</b>				
District's Proportion of the Net OPEB Liability	0.0129093172%	0.0132560609%	0.0139800930%	0.0142307389%
District's Proportionate Share of the Net OPEB Liability	\$ 61,728	\$ 94,612	\$ 122,712	\$ 129,236
District's Covered Payroll	\$ 1,558,061	\$ 1,464,857	\$ 1,418,693	\$ 1,281,975
District's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	4%	6%	9%	10%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	46%	46%	39%	33%
<b>FISCAL YEAR</b>	<u>6/30/25</u>	<u>6/30/24</u>	<u>6/30/23</u>	<u>6/30/22</u>
<b>DISTRICT CONTRIBUTIONS</b>				
Statutorily Required Contribution	\$ 16,355	\$ 15,332	\$ 14,672	\$ 14,471
Contributions in Relation to the Statutorily Required Contribution	<u>(16,355)</u>	<u>(15,332)</u>	<u>(14,672)</u>	<u>(14,471)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 1,603,409	\$ 1,503,148	\$ 1,438,454	\$ 1,418,693
Contributions as a Percentage of Covered Payroll	1.02%	1.02%	1.02%	1.02%

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

<u>12/31/20</u>	<u>12/31/19</u>	<u>12/31/18</u>	<u>12/31/17</u>
0.0136006071%	0.0139203942%	0.0148466322%	0.0147273053%
\$ 156,465	\$ 201,995	\$ 191,936	\$ 186,769
\$ 1,252,764	\$ 1,260,346	\$ 1,237,126	\$ 1,154,207
12%	16%	16%	16%
24%	17%	18%	17%
<u>6/30/21</u>	<u>6/30/20</u>	<u>6/30/19</u>	<u>6/30/18</u>
\$ 13,075	\$ 12,778	\$ 12,855	\$ 12,619
<u>(13,075)</u>	<u>(12,778)</u>	<u>(12,855)</u>	<u>(12,619)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,281,975	\$ 1,252,764	\$ 1,260,346	\$ 1,237,126
1.02%	1.02%	1.02%	1.02%

**BACA COUNTY SCHOOL DISTRICT RE-1**  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
June 30, 2025

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

**Budgetary Information**

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

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

**Budget Compliance**

At June 30, 2025, the General Fund actual expenditures exceeded budgeted expenditures in the amount of \$495,452. This may be a violation of state statutes.

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

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

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

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

As of the December 31, 2024, measurement date, the fiduciary net position, and related disclosure components for HCTF reflect additional payments related to the disaffiliation of Tri-County Health Department as a PERA-affiliated employer, effective December 31, 2022. The additional employer disaffiliation payment allocations to the HCTF and Local Government Division Trust Fund were \$0.020 million and \$0.486 million, respectively.

**BACA COUNTY SCHOOL DISTRICT RE-1**  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
June 30, 2025

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

For RSI disclosures reported in previous years, refer to the PERA's annual comprehensive financial report (ACFR) notes to the required supplementary information at the following link:

<https://www.copera.org/forms-resources/financial-reports-and-studies>.

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

*STDF Plan* – Salary scale assumptions were altered to better reflect actual experience. Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience. The Pub-2010 Public Retirement Plans Mortality base tables were retained for purposes of active, retired, disabled, and beneficiary lives, with revised adjustments for credibility and gender, where applicable. In addition, the applied generational projection scale was updated to the 2024 adjusted scale MP-2021. The estimated administrative expense as a percentage of covered payroll was increased from 0.40% to 0.45%.

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

*HCTF Plan* – Salary scale assumptions were altered to better reflect actual experience. Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience. The adjustments for credibility applied to the Pub-2010 mortality tables for active and retired lives, including beneficiaries, were updated based on experience. In addition, the mortality projection scale was updated to the 2024 adjusted scale MP-2021 to reflect future improvements in mortality for all groups. Participation rates were reduced. MAPD premium costs are no longer age graded.

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

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

**BACA COUNTY SCHOOL DISTRICT RE-1**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
June 30, 2025

	FOOD SERVICE	GRANTS	STUDENT ACTIVITY
<b>ASSETS</b>			
Cash and Investments	\$ 13,734	\$ 21,601	\$ 84,293
Taxes Receivable	-	-	-
Inventories	1,681	-	-
	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 15,415</b>	<b>\$ 21,601</b>	<b>\$ 84,293</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts Payable	\$ -	\$ 9,635	\$ -
Unearned Revenues	-	11,966	-
<b>TOTAL LIABILITIES</b>	-	21,601	-
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Property Taxes	-	-	-
<b>FUND BALANCES</b>			
Nonspendable Inventories	1,681	-	-
Restricted for:			
Food Service	13,734	-	-
Debt Service	-	-	-
Assigned to Student Activities	-	-	84,293
<b>TOTAL FUND BALANCES</b>	15,415	-	84,293
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 15,415</b>	<b>\$ 21,601</b>	<b>\$ 84,293</b>

<u>DEBT SERVICE</u>	<u>TOTAL</u>
\$ 321,689	\$ 441,317
35,489	35,489
<u>-</u>	<u>1,681</u>
<u>\$ 357,178</u>	<u>\$ 478,487</u>
\$ -	\$ 9,635
<u>-</u>	<u>11,966</u>
<u>-</u>	<u>21,601</u>
<u>27,836</u>	<u>27,836</u>
-	1,681
-	13,734
329,342	329,342
<u>-</u>	<u>84,293</u>
<u>329,342</u>	<u>429,050</u>
<u>\$ 357,178</u>	<u>\$ 450,651</u>

**BACA COUNTY SCHOOL DISTRICT RE-1**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
Year Ended June 30, 2025

	FOOD SERVICE	GRANTS	STUDENT ACTIVITY
<b>REVENUES</b>			
Local Sources	\$ 9,460	\$ -	\$ 94,631
State Sources	18,767	6,149	-
Federal Sources	131,034	81,174	-
<b>TOTAL REVENUES</b>	<b>159,261</b>	<b>87,323</b>	<b>94,631</b>
<b>EXPENDITURES</b>			
Current			
Instruction	-	87,323	87,751
Supporting Services	-	-	-
Food Services	223,169	-	-
Capital Outlay	-	-	-
Debt Service			
Principal	-	-	-
Interest	19,145	-	-
<b>TOTAL EXPENDITURES</b>	<b>242,314</b>	<b>87,323</b>	<b>87,751</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(83,053)</b>	<b>-</b>	<b>6,880</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers Out	2,162	-	-
<b>CHANGES IN FUND BALANCES</b>	<b>(80,891)</b>	<b>-</b>	<b>6,880</b>
FUND BALANCES, Beginning	96,306	-	77,413
FUND BALANCES, Ending	\$ 15,415	\$ -	\$ 84,293

<u>DEBT SERVICE</u>	<u>TOTAL</u>
\$ 365,908	\$ 469,999
-	24,916
-	212,208
<u>365,908</u>	<u>707,123</u>
-	175,074
2,163	2,163
-	223,169
-	-
150,000	150,000
<u>207,300</u>	<u>226,445</u>
<u>359,463</u>	<u>776,851</u>
6,445	(69,728)
<u>-</u>	<u>2,162</u>
6,445	(67,566)
<u>322,897</u>	<u>496,616</u>
\$ <u><u>329,342</u></u>	\$ <u><u>429,050</u></u>

**BACA COUNTY SCHOOL DISTRICT RE-1**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOOD SERVICE FUND**  
Year Ended June 30, 2025

	BUDGET		ACTUAL	VARIANCE
	ORIGINAL	FINAL		Positive (Negative)
<b>REVENUES</b>				
Local Sources	\$ 91,498	\$ 8,585	\$ 9,460	\$ 875
State Grants	12,259	14,363	18,767	4,404
Federal Grants	21,724	84,526	131,034	46,508
<b>TOTAL REVENUES</b>	<b>125,481</b>	<b>107,474</b>	<b>159,261</b>	<b>51,787</b>
<b>EXPENDITURES</b>				
Current				
Salaries	74,463	50,081	49,677	404
Benefits	30,333	27,077	23,668	3,409
Purchased Services	2,400	2,400	1,884	516
Supplies and Materials	135,800	132,300	147,791	(15,491)
Other	-	-	149	(149)
Capital Outlay	2,500	3,250	19,145	(15,895)
Contingency	-	68,074	-	68,074
<b>TOTAL EXPENDITURES</b>	<b>245,496</b>	<b>283,182</b>	<b>242,314</b>	<b>40,868</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(120,015)</b>	<b>(175,708)</b>	<b>(83,053)</b>	<b>92,655</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	75,000	90,000	2,162	(87,838)
<b>CHANGE IN FUND BALANCE</b>	<b>(45,015)</b>	<b>(85,708)</b>	<b>(80,891)</b>	<b>4,817</b>
FUND BALANCE, Beginning	45,015	85,708	96,306	10,598
FUND BALANCE, Ending	\$ -	\$ -	\$ 15,415	\$ 15,415

**BACA COUNTY SCHOOL DISTRICT RE-1**  
**BUDGETARY COMPARISON SCHEDULE**  
**GRANTS FUND**  
Year Ended June 30, 2025

	BUDGET		ACTUAL	VARIANCE
	ORIGINAL	FINAL		Positive (Negative)
REVENUES				
State Grants	\$ 5,585	\$ 6,068	\$ 6,149	\$ 81
Federal Grants	<u>82,572</u>	<u>107,884</u>	<u>81,174</u>	<u>(26,710)</u>
 TOTAL REVENUES	 <u>88,157</u>	 <u>113,952</u>	 <u>87,323</u>	 <u>(26,629)</u>
EXPENDITURES				
Current				
Instruction	92,058	98,607	87,323	11,284
Contingency	<u>-</u>	<u>15,345</u>	<u>-</u>	<u>15,345</u>
 TOTAL EXPENDITURES	 <u>92,058</u>	 <u>113,952</u>	 <u>87,323</u>	 <u>26,629</u>
 CHANGE IN FUND BALANCE	 (3,901)	 -	 -	 -
FUND BALANCE, Beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, Ending	<u>\$ (3,901)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**BACA COUNTY SCHOOL DISTRICT RE-1**  
**BUDGETARY COMPARISON SCHEDULE**  
**STUDENT ACTIVITY FUND**  
Year Ended June 30, 2025

	BUDGET		ACTUAL	VARIANCE
	ORIGINAL	FINAL		Positive (Negative)
REVENUES				
Local Sources				
Student Activity Fees	\$ -	\$ 105,000	\$ 94,631	\$ (10,369)
EXPENDITURES				
Current				
Supporting Services	-	105,000	87,751	17,249
Contingency	-	67,884	-	67,884
 TOTAL EXPENDITURES	 -	 172,884	 87,751	 85,133
 CHANGE IN FUND BALANCE	 -	 (67,884)	 6,880	 74,764
FUND BALANCE, Beginning	-	67,884	77,413	9,529
FUND BALANCE, Ending	\$ -	\$ -	\$ 84,293	\$ 84,293

**BACA COUNTY SCHOOL DISTRICT RE-1**  
**BUDGETARY COMPARISON SCHEDULE**  
**DEBT SERVICE FUND**  
Year Ended June 30, 2025

	BUDGET		ACTUAL	VARIANCE
	ORIGINAL	FINAL		Positive (Negative)
<b>REVENUES</b>				
Local Sources				
Property Taxes	\$ 366,006	\$ 396,142	\$ 354,679	\$ (41,463)
Investment Income	30,000	-	11,229	11,229
	<u>396,006</u>	<u>396,142</u>	<u>365,908</u>	<u>(30,234)</u>
<b>TOTAL REVENUES</b>	<u>396,006</u>	<u>396,142</u>	<u>365,908</u>	<u>(30,234)</u>
<b>EXPENDITURES</b>				
Debt Service				
Principal	423,450	410,000	150,000	260,000
Interest	-	-	207,300	(207,300)
Fees and Charges	-	-	2,163	(2,163)
Contingency	-	382,148	-	382,148
	<u>423,450</u>	<u>792,148</u>	<u>359,463</u>	<u>432,685</u>
<b>TOTAL EXPENDITURES</b>	<u>423,450</u>	<u>792,148</u>	<u>359,463</u>	<u>432,685</u>
<b>CHANGE IN FUND BALANCE</b>	(27,444)	(396,006)	6,445	402,451
<b>FUND BALANCE, Beginning</b>	<u>-</u>	<u>396,006</u>	<u>322,897</u>	<u>(73,109)</u>
<b>FUND BALANCE, Ending</b>	<u>\$ (27,444)</u>	<u>\$ -</u>	<u>\$ 329,342</u>	<u>\$ 329,342</u>

**BACA COUNTY SCHOOL DISTRICT RE-1**  
**BUDGETARY COMPARISON SCHEDULE**  
**BUILDING FUND**  
Year Ended June 30, 2025

	<u>ORIGINAL AND FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE Positive (Negative)</u>
REVENUES			
Local Sources	\$ 90,059	\$ 69,036	\$ (21,023)
State Sources	<u>21,811,410</u>	<u>10,263,649</u>	<u>(11,547,761)</u>
 TOTAL REVENUES	 <u>21,901,469</u>	 <u>10,332,685</u>	 <u>(11,568,784)</u>
EXPENDITURES			
Current			
Supporting Services			
Purchased Services	-	4,247	(4,247)
Capital Outlay	21,636,917	10,893,941	10,742,976
Contingency	<u>1,820,123</u>	<u>-</u>	<u>1,820,123</u>
 TOTAL EXPENDITURES	 <u>23,457,040</u>	 <u>10,898,188</u>	 <u>12,558,852</u>
 EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	 <u>(1,555,571)</u>	 <u>(565,503)</u>	 <u>990,068</u>
OTHER FINANCING SOURCES			
Transfers In	<u>-</u>	<u>953,249</u>	<u>953,249</u>
 CHANGE IN FUND BALANCE	 (1,555,571)	 387,746	 1,943,317
FUND BALANCE, Beginning	<u>1,555,571</u>	<u>2,549,073</u>	<u>993,502</u>
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ 2,936,819</u>	<u>\$ 2,936,819</u>

## **COMPLIANCE SECTION**

## **STATE COMPLIANCE**



**Colorado Department of Education**  
**Auditors Integrity Report**  
 District: 0230 - Walsh RE-1  
 Fiscal Year 2024-25  
 Colorado School District/BOCES

Revenues, Expenditures, & Fund Balance by Fund

Fund Type & Number	Beg Fund Balance & Prior Per Adj (6880*)	1000 - 5999 Total Revenues & Other Sources	0001-0999 Total Expenditures & Other Uses	6700-6799 & Prior Per Adj (6880*) Ending Fund Balance
<b>Governmental</b>	+		-	=
10 General Fund	2,071,753	2,961,310	3,073,190	1,959,872
18 Risk Mgmt Sub-Fund of General Fund	12	0	0	12
19 Colorado Preschool Program Fund	0	0	0	0
<b>Sub- Total</b>	<b>2,071,765</b>	<b>2,961,310</b>	<b>3,073,190</b>	<b>1,959,884</b>
11 Charter School Fund	0	0	0	0
20,26-29 Special Revenue Fund	0	0	0	0
06 Supplemental Cap Const, Tech, Main. Fund	0	0	0	0
07 Total Program Reserve Fund	0	0	0	0
21 Food Service Spec Revenue Fund	96,306	161,422	242,314	15,414
22 Govt Designated-Purpose Grants Fund	0	87,323	87,323	0
23 Pupil Activity Special Revenue Fund	77,413	94,630	87,751	84,292
25 Transportation Fund	0	0	0	0
31 Bond Redemption Fund	322,898	365,909	359,464	329,343
39 Certificate of Participation (COP) Debt Service Fund	0	0	0	0
41 Building Fund	2,549,074	11,285,934	10,898,188	2,936,819
42 Special Building Fund	0	0	0	0
43 Capital Reserve Capital Projects Fund	0	0	0	0
46 Supplemental Cap Const, Tech, Main Fund	0	0	0	0
<b>Totals</b>	<b>5,117,455</b>	<b>14,956,529</b>	<b>14,748,231</b>	<b>5,325,753</b>
<b>Proprietary</b>				
50 Other Enterprise Funds	0	0	0	0
64 (63) Risk-Related Activity Fund	0	0	0	0
60,65-69 Other Internal Service Funds	0	0	0	0
<b>Totals</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Fiduciary</b>				
70 Other Trust and Agency Funds	0	0	0	0
72 Private Purpose Trust Fund	0	0	0	0
73 Agency Fund	0	0	0	0
74 Pupil Activity Agency Fund	0	0	0	0
79 GASB 34:Permanent Fund	0	0	0	0
85 Foundations	0	0	0	0
<b>Totals</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

FINAL