



**BACA COUNTY SCHOOL DISTRICT RE-4
SPRINGFIELD, COLORADO**

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

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

BACA COUNTY SCHOOL DISTRICT RE-4

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INDEPENDENT AUDITOR'S REPORT

Board of Education
Baca County School District RE-4
Springfield, 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-4 (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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying combining and individual 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 combining and individual nonmajor fund financial statements, the schedule of expenditures of federal awards, and the auditor's integrity report are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

DMC Auditing and Consulting, LLC

December 30, 2025
Bailey, Colorado

BACA COUNTY (SPRINGFIELD) SCHOOL DISTRICT RE-4

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2025

This Management's Discussion and Analysis (MD&A) presents an overview of the financial activities of Springfield School District RE-4 for the fiscal year ending June 30, 2025. This discussion is part of the new reporting requirements set forth by the Governmental Accounting Standards Board (GASB) in their Statement No. 34, Basic Financial Statements for State and Local Governments, issued in June 1999. The purpose of this MD&A is to provide a summary of the District's financial performance during the year. It is designed to be read in conjunction with the District's financial statements that follow this section. In future years, when prior-year data becomes available, comparative analysis will be included.

Financial Highlights

The District's total combined assets for governmental activities exceeded its liabilities by \$40,709,499 at June 30, 2025, representing the District's total net position. This includes both restricted and unrestricted resources.

The General Fund reported a fund balance of \$4,809,065 at the end of fiscal year 2025, an increase of \$261,467 from the previous year. This reflects the District's continued efforts to manage resources efficiently, though there is an ongoing focus on minimizing spending to preserve reserves.

The BEST Grant capital construction project was completed in the fall of 2024. Final payments to contractors are still being made, with supplemental payments being processed as punch-list items and warranty work are completed.

The total cost of the District's programs remained virtually unchanged from the previous year, with no new programs added for 2025.

Overview of the Financial Statements

Management's discussion and analysis are intended to serve as an introduction to the District's basic financial statements. A comparison to the prior year's activity is normally provided in this document.

District-Wide Financial Statements

The district-wide statements report information about the District as a whole using accounting methods similar to those used in private sector companies. The statement of net position includes all of the government's assets and liabilities.

The government-wide statements report on the District's net position and how they have changed. Net position, the difference between the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, are one way to measure the District's financial health or position. Increases or decreases in the District's net position could indicate whether the District's financial health is improving or deteriorating. One needs to consider additional factors such as changes in the District's tax base, changes in student enrollment and the condition of school buildings.

BACA COUNTY (SPRINGFIELD) SCHOOL DISTRICT RE-4

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025

Governmental activities: Most of the District's basic services are included here, such as instruction, transportation, maintenance and operations, and administration. State funding from equalization and property taxes finances most of these activities. This information is comprised of all of the following the District funds – general fund, debt service fund, building fund, capital reserve fund, student activity fund, and food service fund.

Fund Financial Statements

The fund financial statements provide detailed information about the District's funds, focusing on its most significant funds or "major" funds, not the District as a whole. Fund financial statements are designed to demonstrate compliance with finance-related legal requirements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other governments, uses fund accounting to ensure and demonstrate compliance. All of the funds of the District are governmental funds.

Governmental Funds: District's basic services are reported in governmental funds, which generally focus on the determination of financial position and change in financial position, not on income determination. They are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted into cash. The governmental fund statements provide a detailed short-term view of the District's operations and the services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Notes to the Financial Statements

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

In addition to the financial statements and accompanying notes, this report also contains combining and individual statements and budgetary comparison schedules with information concerning the District's nonmajor governmental funds. The combining statements of the nonmajor governmental funds are presented after the notes to the financial statements.

BACA COUNTY (SPRINGFIELD) SCHOOL DISTRICT RE-4

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025

Financial Analysis of the District as a Whole

At the end of fiscal year 2025, Springfield School District RE-4's total net position stood at \$40,571,928, an increase of \$2,395,875 compared to the previous year. This positive change in net position reflects careful management of revenues and expenses despite various economic challenges.

The District's total assets for governmental activities were \$53,551,026, consisting mainly of capital assets and current assets. Of this, \$45,234,286 was invested in capital assets such as buildings and equipment, which account for 99.01% of the total net position. The unrestricted net position, amounting to (\$315,286), represents the District's available financial resources for ongoing obligations.

	Governmental Activities <u>2024-2025</u>	Governmental Activities <u>2023-2024</u>
Assets		
Current and other assets	\$ 8,316,740	\$ 9,186,799
Capital assets	45,234,286	42,896,627
Total Assets	<u>53,551,026</u>	<u>52,083,426</u>
Deferred Outflows of Resources	<u>1,386,185</u>	<u>1,627,683</u>
Liabilities		
Current Liabilities	3,050,571	3,952,284
Long-Term Liabilities	11,038,591	11,170,886
Total Liabilities	<u>14,089,162</u>	<u>15,123,170</u>
Deferred Inflows of Resources	<u>138,550</u>	<u>411,886</u>
Net Position		
Net Investment in Capital Assets	\$ 40,171,429	\$ 37,640,319
Restricted for:		
Emergencies	230,000	468,000
Universal Preschool Program	78,552	78,552
Food Service	92,730	90,664
Debt Service	452,074	457,724
Unrestricted	(315,286)	(559,206)
Total Net Position	<u>\$ 40,709,499</u>	<u>\$ 38,176,053</u>

BACA COUNTY (SPRINGFIELD) SCHOOL DISTRICT RE-4

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025

	Governmental Activities <u>2024-2025</u>	Governmental Activities <u>2023-2024</u>
Revenues		
Program revenues:		
Charges For Services	\$ 249,564	\$ 176,559
Operating Grants & Contributions	938,724	875,451
Capital Grants and Contributions	2,384,797	11,395,998
General Revenues:		
Property Taxes	1,174,375	1,395,093
Specific Ownership Taxes	136,561	135,458
State Equalization	3,231,124	2,891,878
Grants and Contributions not Restricted	31,784	-
Earnings on Investments	228,813	257,459
Other Revenues	78,658	28,443
Total Revenues	<u>8,454,400</u>	<u>17,156,339</u>
Expenses		
Instructional Services	3,165,765	2,796,099
Supporting Services	2,306,078	1,896,420
Food Service	324,754	285,131
Interest on Long-Term Liabilities	124,357	126,505
Total Expenses	<u>5,920,954</u>	<u>5,104,155</u>
Increase (decrease) in net position	<u>2,533,446</u>	<u>12,052,184</u>

The District's revenues totaled \$8,454,400, with 77.5% from federal and state sources, including equalization funding, and Capital Grants & Contributions. Federal grants contributed 6.2% of total revenues, while local sources made up 23.9%, including Property Taxes and Specific Ownership Taxes. The major portion of revenues was derived from state equalization, which helps fund the District's educational programs based on per-pupil funding. The District's revenues exceeded expenses, which created an increase in net position of \$2,533,446.

Financial Analysis of the District's Funds

State funding (equalization) for the General Fund and Colorado Preschool Project Fund is based on pupil count. Equalized funding (the per pupil amount set by the Colorado Department of Education funded with local property tax and state aid) increased, but the increase was offset by a loss of revenue from other sources. Preschool students ages 4-5 are funded through the Universal Preschool Program, while 3-year-olds of special needs also qualify for UPK funding. All other students enrolled in the district are funded at

BACA COUNTY (SPRINGFIELD) SCHOOL DISTRICT RE-4

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025

100% of the per-pupil rate. There were 272 students enrolled in Springfield School District RE-4 on October 1, 2025.

General Fund Budgetary highlights

Over the course of the year, the District did not revise its budget. Actual expenditures totaled \$5,141,918, exceeding the budgeted amounts due to several unanticipated costs. Actual revenues reached \$5,310,801, surpassing the budgeted projections as a result of receiving additional funding, such as the Small Rural School Grant, along with interest earnings from ColoTrust.

CAPITAL ASSETS AND DEBT ADMINISTRATION

The District's capital assets as of June 30, 2025, amount to \$45,234,286.

	Balance 6/30/2024	Additions	Deletions	Balance 6/30/2025
Governmental Activities				
Capital Assets, Not Being Depreciated:				
Construction in Progress	\$ 41,284,029	\$ 2,466,833	\$ (830,589)	\$ 42,920,273
Capital Assets, Being Depreciated:				
Buildings and Site Improvements	3,608,573	830,589	-	4,439,162
Vehicles	823,382	-	(10,171)	813,211
Equipment	947,868	24,743	-	972,611
Right-to-Use Assets	-	76,661	-	76,661
Total Capital Assets, Being Depreciated	5,379,823	931,993	(10,171)	6,301,645
Less Accumulated Depreciation:				
Buildings and Site Improvements	(2,539,463)	(144,538)	-	(2,684,001)
Vehicles	(514,620)	(41,313)	10,171	(545,762)
Equipment	(713,142)	(28,117)	-	(741,259)
Right-to-Use Assets	-	(16,610)	-	(16,610)
Total Accumulated Depreciation	(3,767,225)	(230,578)	10,171	(3,987,632)
Total Capital Assets, Being Depreciated, Net	1,612,598	701,415	-	2,314,013
Capital Assets, Governmental Activities, Net	\$ 42,896,627	\$ 3,168,248	\$ (830,589)	\$ 45,234,286

Long Term Debt

In November 2020, the district passed a general obligation bond to help fund the PK-12 BEST Grant Project. The bond redemption fund is collected by Baca County Treasurer and dispersed for the sole purpose of debt repayment. This is a 20-year bond and will be paid in full in 2041.

BACA COUNTY (SPRINGFIELD) SCHOOL DISTRICT RE-4

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The budget for 2025-2026 will be impacted by a continuing loss in enrollment, increased health insurance costs, utility costs, and the rising percentage that the district pays to the Public Employees Retirement Account (PERA). The District is committed to keeping the base salary for certified employees to a level equal to or above the other districts in the area in order to obtain quality instructors. The district's goal is to monitor spending in the district to eliminate future years of spending more than the district receives. With declining enrollment, the district may be forced to eliminate some positions in the district.

The Gallagher Amendment ratchets down local property taxes. The TABOR Amendment keeps property taxes down; Amendment 23 sets requirements for increasing school funding. With increased school funding required and declining property taxes, the state is required to make up the differences on both ends while the economy and revenues are fading. The state is caught in a no-win situation with nearly a \$1 billion deficit in 2025.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. We understand that all of your questions may not have been answered in this report, therefore, we invite you to contact the Springfield School District Office at PO Box 68, 475 W. 5th Avenue, Springfield, Colorado, 719-523-6654. You may talk directly to the Superintendent or the Business Manager for clarification and information.

BASIC FINANCIAL STATEMENTS

BACA COUNTY SCHOOL DISTRICT RE-4

STATEMENT OF NET POSITION

June 30, 2025

	PRIMARY GOVERNMENT <u>GOVERNMENTAL</u> <u>ACTIVITIES</u>
ASSETS	
Cash and Investments	\$ 6,059,802
Accounts Receivable	1,948,644
Grants Receivable	191,969
Taxes Receivable	107,841
Inventories	8,484
Capital Assets, <i>Not Being Depreciated</i>	42,920,273
Capital Assets, <i>Net of Accumulated Depreciation</i>	<u>2,314,013</u>
TOTAL ASSETS	<u>53,551,026</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pensions, <i>Net of Accumulated Amortization</i>	1,329,922
OPEB, <i>Net of Accumulated Amortization</i>	<u>56,263</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>1,386,185</u>
LIABILITIES	
Accounts Payable	1,567,216
Retainage Payable	423,194
Accrued Salaries and Benefits	570,697
Unearned Revenue	187,048
Accrued Interest Payable	9,798
Noncurrent Liabilities	
Due Within One Year	292,618
Due in More Than One Year	4,787,165
Net Pension Liability	6,142,442
Net OPEB Liability	<u>108,984</u>
TOTAL LIABILITIES	<u>14,089,162</u>
DEFERRED INFLOWS OF RESOURCES	
Pensions, <i>Net of Accumulated Amortization</i>	77,429
OPEB, <i>Net of Accumulated Amortization</i>	<u>61,121</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>138,550</u>
NET POSITION	
Net Investment in Capital Assets	40,171,429
Restricted for:	
Universal Preschool Program	78,552
Food Service	92,730
Debt Service	452,074
Emergencies	230,000
Unrestricted	<u>(315,286)</u>
TOTAL NET POSITION	<u>\$ 40,709,499</u>

See Notes to the Financial Statements.

BACA COUNTY SCHOOL DISTRICT RE-4
STATEMENT OF ACTIVITIES
Year Ended June 30, 2025

FUNCTIONS / PROGRAMS	EXPENSES	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGE IN NET POSITION
PRIMARY GOVERNMENT		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	PRIMARY GOVERNMENT
Governmental Activities					GOVERNMENTAL ACTIVITIES
Instruction	\$ 3,165,765	\$ 23,624	\$ 633,989	\$ -	\$ (2,508,152)
Supporting Services	2,306,078	162,563	45,232	2,384,797	286,514
Food Services	324,754	63,377	259,503	-	(1,874)
Interest on Long-Term Debt	124,357	-	-	-	(124,357)
TOTAL GOVERNMENTAL ACTIVITIES	\$ 5,920,954	\$ 249,564	\$ 938,724	\$ 2,384,797	(2,347,869)
GENERAL REVENUES					
Property Taxes					1,174,375
Specific Ownership Taxes					136,561
State Equalization					3,231,124
Grants and Contributions not Restricted to Specific Programs					31,784
Investment Income					228,813
Other					78,658
TOTAL GENERAL REVENUES					4,881,315
CHANGE IN NET POSITION					2,533,446
NET POSITION, Beginning					38,176,053
NET POSITION, Ending					\$ 40,709,499

BACA COUNTY SCHOOL DISTRICT RE-4

BALANCE SHEET

GOVERNMENTAL FUNDS

June 30, 2025

	<u>GENERAL</u>	<u>DEBT SERVICE</u>	<u>BUILDING</u>
ASSETS			
Cash and Investments	\$ 5,317,557	\$ 449,679	\$ -
Accounts Receivable	51,192	-	1,893,990
Taxes Receivable	81,394	26,447	-
Grants Receivable	148,284	-	-
Interfund Receivables	18,380	-	-
Inventories	<u>-</u>	<u>-</u>	<u>-</u>
 TOTAL ASSETS	 <u>\$ 5,616,807</u>	 <u>\$ 476,126</u>	 <u>\$ 1,893,990</u>
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES			
Accounts Payable	\$ 51,843	\$ -	\$ 1,513,780
Retainage Payable	-	-	423,194
Accrued Salaries and Benefits	541,742	-	-
Interfund Payables	-	-	52,083
Unearned Revenue	<u>186,805</u>	<u>-</u>	<u>-</u>
 TOTAL LIABILITIES	 <u>780,390</u>	 <u>-</u>	 <u>1,989,057</u>
 DEFERRED INFLOWS OF RESOURCES			
Property Taxes	<u>27,352</u>	<u>14,254</u>	<u>-</u>
 FUND BALANCES			
Nonspendable Inventories	-	-	-
Restricted for:			
Universal Preschool Program	78,552	-	-
Emergencies	230,000	-	-
Debt Service	-	461,872	-
Food Services	-	-	-
Assigned to:			
Student Activities	-	-	-
Capital Projects	-	-	-
Unassigned	<u>4,500,513</u>	<u>-</u>	<u>(95,067)</u>
 TOTAL FUND BALANCES	 <u>4,809,065</u>	 <u>461,872</u>	 <u>(95,067)</u>
 TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	 <u>\$ 5,616,807</u>	 <u>\$ 476,126</u>	 <u>\$ 1,893,990</u>

NONMAJOR
GOVERNMENTAL
FUNDS

TOTAL

\$	292,566	\$	6,059,802
	3,462		1,948,644
	-		107,841
	43,685		191,969
	33,703		52,083
	8,484		8,484
	<u>381,900</u>		<u>8,368,823</u>

\$	1,593	\$	1,567,216
	-		423,194
	28,955		570,697
	-		52,083
	243		187,048
	<u>30,791</u>		<u>2,800,238</u>

	-		41,606
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	8,484		8,484
--	-------	--	-------

	-		78,552
--	---	--	--------

	-		230,000
--	---	--	---------

	-		461,872
--	---	--	---------

	92,730		92,730
--	--------	--	--------

	78,077		78,077
--	--------	--	--------

	171,818		171,818
--	---------	--	---------

	-		4,405,446
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	<u>351,109</u>		<u>5,526,979</u>
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\$	<u>381,900</u>	\$	<u>8,368,823</u>
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BACA COUNTY SCHOOL DISTRICT RE-4
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	\$	5,526,979
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds.		45,234,286
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.		41,606
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		(9,798)
Bonds Payable		(5,062,857)
Accrued Compensated Absences		(16,926)
Net Pension Liability		(6,142,442)
Pension-Related Deferred Outflows of Resources		1,329,922
Pension-Related Deferred Inflows of Resources		(77,429)
Net OPEB Liability		(108,984)
OPEB-Related Deferred Outflows of Resources		56,263
OPEB-Related Deferred Inflows of Resources		(61,121)
		(61,121)
Total Net Position of Governmental Activities	\$	40,709,499

BACA COUNTY SCHOOL DISTRICT RE-4
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2025

	GENERAL	DEBT SERVICE	BUILDING
REVENUES			
Local Sources	\$ 1,400,456	\$ 395,733	\$ -
County Sources	1,188	-	-
State Sources	3,625,493	-	2,380,882
Federal Sources	283,664	-	-
	5,310,801	395,733	2,380,882
 TOTAL REVENUES			
EXPENDITURES			
Current			
Instruction	2,942,221	-	-
Supporting Services	2,180,890	-	-
Food Services	-	-	-
Capital Outlay	-	-	2,466,833
Debt Service			
Principal	15,027	255,085	-
Interest and Fiscal Charges	3,780	120,577	-
	5,141,918	375,662	2,466,833
 TOTAL EXPENDITURES			
EXCESS REVENUES OVER (UNDER) EXPENDITURES	168,883	20,071	(85,951)
 OTHER FINANCING SOURCES (USES)			
Lease Proceeds	76,661	-	-
Transfers In	15,923	-	-
Transfers Out	-	(15,923)	-
	92,584	(15,923)	-
 TOTAL OTHER FINANCING SOURCES (USES)			
CHANGES IN FUND BALANCES	261,467	4,148	(85,951)
FUND BALANCES, Beginning	4,547,598	457,724	(9,116)
FUND BALANCES, Ending	\$ 4,809,065	\$ 461,872	\$ (95,067)

NONMAJOR GOVERNMENTAL FUNDS		TOTAL
\$	221,978	\$ 2,018,167
	-	1,188
	21,679	6,028,054
	<u>240,649</u>	<u>524,313</u>
	<u>484,306</u>	<u>8,571,722</u>
	-	2,942,221
	137,352	2,318,242
	318,882	318,882
	21,727	2,488,560
	-	270,112
	<u>-</u>	<u>124,357</u>
	<u>477,961</u>	<u>8,462,374</u>
	<u>6,345</u>	<u>109,348</u>
	-	76,661
	-	15,923
	<u>-</u>	<u>(15,923)</u>
	<u>-</u>	<u>76,661</u>
	6,345	186,009
	<u>344,764</u>	<u>5,340,970</u>
\$	<u><u>351,109</u></u>	\$ <u><u>5,526,979</u></u>

BACA COUNTY SCHOOL DISTRICT RE-4
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	\$	186,009
<p>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:</p>		
Depreciation Expense		(230,578)
Capital Outlay		2,568,237
<p>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.</p>		
		(117,322)
<p>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.</p>		
		270,112
<p>Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position and does not affect the statement of activities. This is the effect of these differences in the treatment of long-term debt and related items as follows:</p>		
Lease Proceeds		(76,661)
<p>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:</p>		
Accrued Interest Payable		500
Accrued Compensated Absences		28,212
Net Pension Liability		(162,313)
Pension-Related Deferred Outflows of Resources		(273,377)
Pension-Related Deferred Inflows of Resources		274,230
Net OPEB Liability		35,412
OPEB-Related Deferred Outflows of Resources		31,879
OPEB-Related Deferred Inflows of Resources		(894)
		(894)
Change in Net Position of Governmental Activities	\$	2,533,446

BACA COUNTY SCHOOL DISTRICT RE-4
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-4 (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 *Debt Service Fund* is used to account for the accumulation of resources for, and the payment of, long term debt principal, interest, and related costs.

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

BACA COUNTY SCHOOL DISTRICT RE-4
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 180 days of the end of the current year.

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

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

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

Cash and Investments – The District uses separate bank accounts for each fund and for individual programs within the General Fund. 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.

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

BACA COUNTY SCHOOL DISTRICT RE-4
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

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.

Building	50 years
Site Improvements	10 - 50 years
Vehicles and Equipment	10 - 35 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 Revenue – Unearned revenues include grants that have been collected but the corresponding expenditures have not been incurred and the eligibility criteria have not been met.

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

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

Compensated Absences – Personnel accrue up to 90 days of leave depending on their years of experience with the District. Unused vacation benefits are paid upon termination according to a formula based on the employee’s per diem rate and years of service with the District.

These compensated absences are recognized as expenditures in the governmental funds when due. A long-term liability is reported in the government-wide financial statements for the accrued compensated absences when earned.

BACA COUNTY SCHOOL DISTRICT RE-4
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-4
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:

Deposits	\$ 492,069
Cash Held by Third Party	449,680
Investments	5,118,053
Total	\$ 6,059,802

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 \$112,328 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 \$5,118,053 invested in the Colorado Local Government Liquid Asset Trust Plus (ColoTrust). ColoTrust is an investment vehicle established for local government entities in Colorado to pool surplus funds. The Colorado Division of Securities administers and enforces the requirements of creating and operating ColoTrust. ColoTrust operates in conformity with the Securities and Exchange Commission’s Rule 2a-7. ColoTrust is measured at the net asset value per share, with each share valued at \$1. ColoTrust is rated AAAM by Standard and Poor’s. Investments of ColoTrust 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 and mutual fund were reported at the net asset value per share.

BACA COUNTY SCHOOL DISTRICT RE-4
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). At June 30, 2025, the District was invested \$449,680 in a Morgan Stanley Institutional Liquidity Funds mutual fund rated AAAM by S&P.

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. The District is invested 91% and 9% in local government investment pools and mutual funds, respectively.

Cash Held by Third Party – At June 30, 2024, the District had \$449,680 held in a bank account in the name of the Colorado State Treasurer on behalf of the District to cover the District's matching share of BEST grant construction costs.

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
Governmental Activities				
Capital Assets, Not Being Depreciated:				
Construction in Progress	\$ 41,284,029	\$ 2,466,833	\$ (830,589)	\$ 42,920,273
Capital Assets, Being Depreciated:				
Buildings and Site Improvements	3,608,573	830,589	-	4,439,162
Vehicles	823,382	-	(10,171)	813,211
Equipment	947,868	24,743	-	972,611
Right-to-Use Assets	-	76,661	-	76,661
Total Capital Assets, Being Depreciated	5,379,823	931,993	(10,171)	6,301,645
Less Accumulated Depreciation:				
Buildings and Site Improvements	(2,539,463)	(144,538)	-	(2,684,001)
Vehicles	(514,620)	(41,313)	10,171	(545,762)
Equipment	(713,142)	(28,117)	-	(741,259)
Right-to-Use Assets	-	(16,610)	-	(16,610)
Total Accumulated Depreciation	(3,767,225)	(230,578)	10,171	(3,987,632)
Total Capital Assets, Being Depreciated, Net	1,612,598	701,415	-	2,314,013
Capital Assets, Governmental Activities, Net	\$ 42,896,627	\$ 3,168,248	\$ (830,589)	\$ 45,234,286

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

Instruction	\$ 182,531
Supporting Services	45,141
Food Services	2,906
Total	\$ 230,578

BACA COUNTY SCHOOL DISTRICT RE-4
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

NOTE 4: Interfund Balances and Transfers

During the year ended June 30, 2025, the District transferred \$15,923 in interest earnings from the Debt Service Fund to the General Fund.

As of June 30, 2025, the General Fund, Food Service Fund, and Capital Projects Fund temporarily subsidized the Building Fund for the amount of \$18,380, \$625, and \$33,078, respectively. Interfund balances related to these advances remained outstanding at June 30, 2025, but were subsequently repaid after year-end.

NOTE 5: Long-Term Debt

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

	Balance 6/30/2024	Additions	Reductions	Balance 6/30/2025	Due Within One Year
Governmental Activities					
BEST Matching Money Bond	\$ 5,256,308	\$ -	\$ 255,085	\$ 5,001,223	\$ 261,082
Lease Copiers	-	76,661	15,027	61,634	14,610
Compensated Absences	45,138	-	28,212	16,926	16,926
Total	<u>\$ 5,301,446</u>	<u>\$ 76,661</u>	<u>\$ 298,324</u>	<u>\$ 5,079,783</u>	<u>\$ 292,618</u>

In November of 2020, the District issued General Obligation Bonds, Series 2020, in the amount of \$5,990,000 to supplement the BEST Grant awarded by the State of Colorado to build and improve buildings on existing District land. Principal payments are due annually on December 1, through 2040. Interest payments are due semi-annually on June 1st and December 1st, with interest accruing at a rate of 2.351% 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	\$ 261,082	\$ 114,510	\$ 375,592
2027	267,220	108,300	375,520
2028	273,502	101,943	375,445
2029	279,932	95,438	375,370
2030	286,514	88,779	375,293
2031-2035	1,536,830	338,408	1,875,238
2036-2040	1,726,181	146,831	1,873,012
2041	369,962	4,349	374,311
Total	<u>\$ 5,001,223</u>	<u>\$ 998,558</u>	<u>\$ 5,999,781</u>

On June 10, 2024, the District entered into a lease agreement for the right-to-use four copiers originally valued at \$76,661. Payments are made monthly in the amount of \$1,447 for a period of 60 months, with an implicit interest rate at 5.00% per annum. During fiscal year ending June 30, 2025, the District paid \$18,807, including principal and interest of \$15,027 and \$3,780, respectively. At June 30, 2025, the right-to-use asset cost and accumulated amortization were \$76,661 and \$16,610, respectively, with an annual amortization expense of \$15,332.

BACA COUNTY SCHOOL DISTRICT RE-4
NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2025

NOTE 5: Long-Term Debt (Continued)

Lease payments to maturity are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 14,610	\$ 2,750	\$ 17,360
2027	15,358	2,002	17,360
2028	16,143	1,217	17,360
2029	15,523	391	15,914
Total	<u>\$ 61,634</u>	<u>\$ 6,360</u>	<u>\$ 67,994</u>

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 participates in the Colorado School Districts Self Insurance Pool for all risks of loss except workers' compensation, for which it utilizes a commercial insurance carrier.

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

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

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

BACA COUNTY SCHOOL DISTRICT RE-4
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

NOTE 7: Defined Benefit Pension Plan (Continued)

General Information (Continued)

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.

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 \$522,904, 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.

BACA COUNTY SCHOOL DISTRICT RE-4
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

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 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 0.0355982489%, which was an increase of 0.0017805364% 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	\$ 6,142,442
State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the District	<u>551,689</u>
Total	<u>\$ 6,694,131</u>

For the year ended June 30, 2025, the District recognized pension expense of \$725,520 and a revenue of (\$50,353) 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:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 347,838	\$ -
Changes of assumptions and other inputs	46,051	-
Net difference between projected and actual earnings on plan investments	115,890	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	557,798	77,429
Contributions subsequent to the measurement date	<u>262,345</u>	<u>-</u>
Total	<u>\$ 1,329,922</u>	<u>\$ 77,429</u>

District contributions subsequent to the measurement date of \$262,345 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:

BACA COUNTY SCHOOL DISTRICT RE-4
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

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)

<u>Year Ended June 30,</u>	
2026	\$ 601,553
2027	637,881
2028	(166,635)
2029	(82,651)
Total	<u>\$ 990,148</u>

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.

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

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

BACA COUNTY SCHOOL DISTRICT RE-4
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

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 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.

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.

BACA COUNTY SCHOOL DISTRICT RE-4
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

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

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

BACA COUNTY SCHOOL DISTRICT RE-4
NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2025

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)

- 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:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	\$ 8,327,728	\$ 6,142,442	\$ 4,311,960

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

BACA COUNTY SCHOOL DISTRICT RE-4
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

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

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

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

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

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.

BACA COUNTY SCHOOL DISTRICT RE-4
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

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 \$26,171, equal to the required amount.

At June 30, 2025, the District reported a net OPEB liability of \$108,984, 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 0.0227921107%, which was an increase of 0.0025608114% from its proportion measured at December 31, 2023.

For the year ended June 30, 2025, the District recognized OPEB expense of (\$38,167). At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 24,042
Changes of assumptions and other inputs	1,250	34,837
Net difference between projected and actual earnings on plan investments	370	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	41,513	2,242
Contributions subsequent to the measurement date	13,130	-
Total	\$ 56,263	\$ 61,121

District contributions subsequent to the measurement date of \$13,130 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	\$ (9,651)
2027	(848)
2028	(5,582)
2029	(704)
2030	(172)
2031	(1,030)
Total	\$ (17,987)

BACA COUNTY SCHOOL DISTRICT RE-4
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)

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.

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

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

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

BACA COUNTY SCHOOL DISTRICT RE-4
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)

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%

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

Sample Age	MAPD PPO #1 with Medicare Part A for Retiree / Spouse		MAPD PPO #2 with Medicare Part A for Retiree / Spouse		MAPD HMO (Kaiser) with Medicare Part A for Retiree / Spouse	
	Male	Female	Male	Female	Male	Female
65	\$ 1,710	\$ 1,420	\$ 585	\$ 486	\$ 1,897	\$ 1,575
70	\$ 1,921	\$ 1,589	\$ 657	\$ 544	\$ 2,130	\$ 1,763
75	\$ 2,122	\$ 1,670	\$ 726	\$ 571	\$ 2,353	\$ 1,853

Sample Age	MAPD PPO #1 without Medicare Part A for Retiree / Spouse		MAPD PPO #2 without Medicare Part A for Retiree / Spouse		MAPD HMO (Kaiser) without Medicare Part A for Retiree / Spouse	
	Male	Female	Male	Female	Male	Female
65	\$ 6,536	\$ 5,429	\$ 4,241	\$ 3,523	\$ 7,063	\$ 5,866
70	\$ 7,341	\$ 6,073	\$ 4,764	\$ 3,941	\$ 7,933	\$ 6,563
75	\$ 8,110	\$ 6,385	\$ 5,262	\$ 4,143	\$ 8,763	\$ 6,900

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

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

BACA COUNTY SCHOOL DISTRICT RE-4
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)

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

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

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

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

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

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

BACA COUNTY SCHOOL DISTRICT RE-4
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)

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.

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.

BACA COUNTY SCHOOL DISTRICT RE-4
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)

- 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.

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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>30 Year Expected Geometric Real Rate of Return</u>
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%.

BACA COUNTY SCHOOL DISTRICT RE-4
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)

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

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2024, measurement date.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3%.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Estimated transfers of dollars into the HCTF representing a portion of purchase service agreements intended to cover the costs associated with OPEB benefits.
- Benefit payments and contributions were assumed to be made at the middle of the year.
- As of December 31, 2024, measurement date, the fiduciary net position, and related disclosure components for the HCTF reflect payments related to disaffiliation of Tri-County Health Department as a PERA-affiliated employer, effective December 31, 2022. The employer disaffiliation payment and receivable allocations to the HCTF and Local Government Division Trust Fund were \$0.020 million and \$0.486 million, respectively.

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

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

BACA COUNTY SCHOOL DISTRICT RE-4
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)

	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	<u>\$ 106,048</u>	<u>\$ 108,984</u>	<u>\$ 112,307</u>

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

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	<u>\$ 133,562</u>	<u>\$ 108,984</u>	<u>\$ 87,795</u>

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

NOTE 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, the voters approved a ballot measure authorizing the District to collect, retain, and expend all revenues from any source provided that no property tax mill levy increased or any new tax imposed without the consent of the voters.

BACA COUNTY SCHOOL DISTRICT RE-4
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

NOTE 9: Commitments and Contingencies (Continued)

Tabor Amendment (Continued)

In November 1996, the voters approved a ballot measure and resolution authorizing the District to collect, retain, and expend all revenues from any source provided that no property tax mill levy be increased or any new tax imposed without the consent of the voters.

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 \$230,000.

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.

NOTE 10: Jointly Governed Organization

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 \$56,404 to the BOCES. Separate financial statements for the BOCES are available at <https://www.seboces.org/>.

REQUIRED SUPPLEMENTARY INFORMATION

BACA COUNTY SCHOOL DISTRICT RE-4
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
Year Ended June 30, 2025

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES			
Local Sources	\$ 1,319,389	\$ 1,400,456	\$ 81,067
County Sources	-	1,188	1,188
State Grants	3,503,937	3,625,493	121,556
Federal Grants	172,613	283,664	111,051
 TOTAL REVENUES	 4,995,939	 5,310,801	 314,862
EXPENDITURES			
Current			
Instruction	2,792,130	2,942,221	(150,091)
Supporting Services			
Students	138,650	123,693	14,957
Instructional Staff	82,741	72,653	10,088
General Administration	279,140	406,825	(127,685)
School Administration	254,616	277,643	(23,027)
Business Services	126,966	192,699	(65,733)
Operations and Maintenance	454,429	900,914	(446,485)
Student Transportation	181,591	161,243	20,348
Central Support	667,000	45,220	621,780
Total Supporting Services	2,185,133	2,180,890	4,243
Debt Service			
Principal	-	15,027	(15,027)
Interest	-	3,780	(3,780)
Total Debt Service	-	18,807	(18,807)
Contingencies	4,136,974	-	4,136,974
 TOTAL EXPENDITURES	 9,114,237	 5,141,918	 3,972,319
 EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	 (4,118,298)	 168,883	 4,287,181
OTHER FINANCING SOURCES (USES)			
Lease Proceeds	-	-	76,661
Transfers In	-	15,923	15,923
Transfers Out	(65,000)	-	65,000
 TOTAL OTHER FINANCING SOURCES (USES)	 (65,000)	 15,923	 157,584
 CHANGE IN FUND BALANCE	 (4,183,298)	 184,806	 4,444,765
FUND BALANCE, Beginning	4,248,298	4,547,598	299,300
FUND BALANCE, Ending	\$ 65,000	\$ 4,732,404	\$ 4,667,404

BACA COUNTY SCHOOL DISTRICT RE-4
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AND CONTRIBUTIONS
PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION OF COLORADO HEALTH CARE TRUST FUND
June 30, 2025

MEASUREMENT YEAR	<u>12/31/24</u>	<u>12/31/23</u>	<u>12/31/22</u>	<u>12/31/21</u>
PROPORTIONATE SHARE OF THE NET PENSION LIABILITY				
District's Proportion of the Net Pension Liability	0.0355982489%	0.0338177125%	0.0279006508%	0.0329495892%
District's Proportionate Share of the Net Pension Liability	\$ 6,142,442	\$ 5,980,129	\$ 3,834,464	\$ 5,425,807
State's Proportionate Share of the Net Pension Liability Associated with the District	<u>551,689</u>	<u>131,126</u>	<u>439,572</u>	<u>-</u>
Total Proportionate Share of the Net Pension Liability	<u>\$ 6,694,131</u>	<u>\$ 6,111,255</u>	<u>\$ 4,274,036</u>	<u>\$ 5,425,807</u>
District's Covered Payroll	\$ 2,750,843	\$ 2,235,655	\$ 2,089,976	\$ 2,019,068
District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	223%	267%	183%	269%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	67%	65%	75%	67%
FISCAL YEAR	<u>6/30/25</u>	<u>6/30/24</u>	<u>6/30/23</u>	<u>6/30/22</u>
DISTRICT CONTRIBUTIONS				
Statutorily Required Contribution	\$ 522,904	\$ 461,257	\$ 443,428	\$ 415,487
Contributions in Relation to the Statutorily Required Contribution	<u>(522,904)</u>	<u>(461,257)</u>	<u>(443,428)</u>	<u>(415,487)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 2,565,768	\$ 2,263,285	\$ 2,175,798	\$ 2,089,976
Contributions as a Percentage of Covered Payroll	20.38%	20.38%	20.38%	19.88%

<u>12/31/20</u>	<u>12/31/19</u>	<u>12/31/18</u>	<u>12/31/17</u>	<u>12/31/16</u>	<u>12/31/15</u>
0.0358897554%	0.0332174906%	0.0332073374%	0.0371705747%	0.0375059549%	0.0379982055%
\$ 4,962,621	\$ 5,880,041	\$ 12,019,643	\$ 11,166,973	\$ 5,811,557	\$ 5,491,966
<u>629,444</u>	<u>804,014</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 5,592,065</u>	<u>\$ 6,684,055</u>	<u>\$ 12,019,643</u>	<u>\$ 11,166,973</u>	<u>\$ 5,811,557</u>	<u>\$ 5,491,966</u>
\$ 1,964,338	\$ 1,914,588	\$ 1,747,330	\$ 1,696,245	\$ 1,653,329	\$ 1,669,754
253%	307%	688%	658%	352%	329%
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>
\$ 401,391	\$ 380,689	\$ 366,261	\$ 329,940	\$ 311,778	\$ 293,216
<u>(401,391)</u>	<u>(380,689)</u>	<u>(366,261)</u>	<u>(329,940)</u>	<u>(311,778)</u>	<u>(293,216)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 2,019,068	\$ 1,964,388	\$ 1,914,588	\$ 1,747,330	\$ 1,696,245	\$ 1,653,329
19.88%	19.38%	19.13%	18.88%	18.38%	17.73%

BACA COUNTY SCHOOL DISTRICT RE-4
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY AND CONTRIBUTIONS
PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION OF COLORADO SCHOOL DIVISION TRUST FUND
June 30, 2025

MEASUREMENT YEAR	<u>12/31/24</u>	<u>12/31/23</u>	<u>12/31/22</u>	<u>12/31/21</u>
PROPORTIONATE SHARE OF THE NET OPEB LIABILITY				
District's Proportion of the Net OPEB Liability	0.0227921107%	0.0202312993%	0.0212053818%	0.0215135726%
District's Proportionate Share of the Net OPEB Liability	\$ 108,984	\$ 144,396	\$ 185,513	\$ 197,123
District's Covered Payroll	\$ 2,750,843	\$ 2,235,655	\$ 2,089,976	\$ 2,019,068
District's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	4%	6%	9%	10%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	60%	46%	39%	33%
FISCAL YEAR	<u>6/30/25</u>	<u>6/30/24</u>	<u>6/30/23</u>	<u>6/30/22</u>
DISTRICT CONTRIBUTIONS				
Statutorily Required Contributions	\$ 26,171	\$ 23,086	\$ 22,193	\$ 21,318
Contributions in Relation to the Statutorily Required Contribution	<u>(26,171)</u>	<u>(23,086)</u>	<u>(22,193)</u>	<u>(21,318)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 2,565,768	\$ 2,263,285	\$ 2,175,798	\$ 2,089,976
Contributions as a Percentage of Covered Payroll	1.02%	1.02%	1.02%	1.02%

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

<u>12/31/20</u>	<u>12/31/19</u>	<u>12/31/18</u>	<u>12/31/17</u>
0.0207449002%	0.0217093020%	0.0215849576%	0.0211201623%
\$ 244,012	\$ 293,672	\$ 274,478	\$ 276,406
\$ 1,964,338	\$ 1,914,588	\$ 1,747,330	\$ 1,696,245
12%	15%	16%	16%
24%	17%	18%	17%
<u>6/30/21</u>	<u>6/30/20</u>	<u>6/30/19</u>	<u>6/30/18</u>
\$ 20,595	\$ 20,036	\$ 19,528	\$ 17,823
<u>(20,595)</u>	<u>(20,036)</u>	<u>(19,528)</u>	<u>(17,823)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 2,019,068	\$ 1,964,388	\$ 1,914,588	\$ 1,747,330
1.02%	1.02%	1.02%	1.02%

BACA COUNTY SCHOOL DISTRICT RE-4
NOTES TO THE REQUIREMENT SUPPLEMENTARY INFORMATION
June 30, 2025

NOTE 1: Stewardship, Compliance, and Accountability

Budgetary Information

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

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

Budget Compliance

At June 30, 2025, the District's Building Fund, actual expenditures exceeded budgeted appropriations by \$2,446,833. In addition, the District's Building Fund expenditures exceeded the available resources by \$95,067. These may be 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.

BACA COUNTY SCHOOL DISTRICT RE-4
NOTES TO THE REQUIREMENT SUPPLEMENTARY INFORMATION
June 30, 2025

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

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

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

NOTE 3: Changes in Assumptions and Other Inputs

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

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

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

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

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

BACA COUNTY SCHOOL DISTRICT RE-4
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2025

	<u>FOOD SERVICE</u>	<u>STUDENT ACTIVITY</u>	<u>CAPITAL PROJECTS</u>	<u>TOTAL</u>
ASSETS				
Cash and Investments	\$ 74,156	\$ 78,077	\$ 140,333	\$ 292,566
Accounts Receivable	3,462	-	-	3,462
Grants Receivable	43,685	-	-	43,685
Inventory	8,484	-	-	8,484
Interfund Receivable	625	-	33,078	33,703
TOTAL ASSETS	\$ <u>130,412</u>	\$ <u>78,077</u>	\$ <u>173,411</u>	\$ <u>381,900</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ -	\$ -	\$ 1,593	\$ 1,593
Accrued Salaries and Benefits	28,955	-	-	28,955
Unearned Revenues	243	-	-	243
TOTAL LIABILITIES	<u>29,198</u>	<u>-</u>	<u>1,593</u>	<u>30,791</u>
FUND BALANCES				
Nonspendable Inventories	8,484	-	-	8,484
Restricted for Food Service	92,730	-	-	92,730
Assigned to:				
Capital Projects	-	-	171,818	171,818
Student Activities	-	78,077	-	78,077
TOTAL FUND BALANCES	<u>101,214</u>	<u>78,077</u>	<u>171,818</u>	<u>351,109</u>
TOTAL LIABILITIES AND FUND BALANCES	\$ <u>130,412</u>	\$ <u>78,077</u>	\$ <u>173,411</u>	\$ <u>381,900</u>

BACA COUNTY SCHOOL DISTRICT RE-4
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
Year Ended June 30, 2025

	<u>FOOD SERVICE</u>	<u>STUDENT ACTIVITY</u>	<u>CAPITAL PROJECTS</u>	<u>TOTAL</u>
REVENUES				
Local Sources	\$ 60,552	\$ 157,511	\$ 3,915	\$ 221,978
State Sources	21,679	-	-	21,679
Federal Sources	240,649	-	-	240,649
	<u>322,880</u>	<u>157,511</u>	<u>3,915</u>	<u>484,306</u>
TOTAL REVENUES				
EXPENDITURES				
Current				
Supporting Services	-	137,352	-	137,352
Food Services	318,882	-	-	318,882
Capital Outlay	1,932	-	19,795	21,727
	<u>320,814</u>	<u>137,352</u>	<u>19,795</u>	<u>477,961</u>
TOTAL EXPENDITURES				
CHANGES IN FUND BALANCES	2,066	20,159	(15,880)	6,345
FUND BALANCES, Beginning	<u>99,148</u>	<u>57,918</u>	<u>187,698</u>	<u>344,764</u>
FUND BALANCES, Ending	<u>\$ 101,214</u>	<u>\$ 78,077</u>	<u>\$ 171,818</u>	<u>\$ 351,109</u>

BACA COUNTY SCHOOL DISTRICT RE-4
BUDGETARY COMPARISON SCHEDULE
FOOD SERVICE FUND
Year Ended June 30, 2025

	<u>ORIGINAL AND FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE Positive (Negative)</u>
REVENUES			
Local Sources			
Fees	\$ 19,100	\$ 58,342	\$ 39,242
Miscellaneous	-	2,210	2,210
State Grants	36,000	21,679	(14,321)
Federal Grants	<u>120,625</u>	<u>240,649</u>	<u>120,024</u>
 TOTAL REVENUES	 <u>175,725</u>	 <u>322,880</u>	 <u>147,155</u>
EXPENDITURES			
Current			
Salaries	90,112	120,638	(30,526)
Benefits	28,828	40,386	(11,558)
Purchased Services	4,500	5,329	(829)
Supplies and Materials	104,800	152,529	(47,729)
Other	-	-	-
Capital Outlay	1,000	1,932	(932)
Contingencies	<u>133,232</u>	<u>-</u>	<u>133,232</u>
 TOTAL EXPENDITURES	 <u>362,472</u>	 <u>320,814</u>	 <u>41,658</u>
 EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	 <u>(186,747)</u>	 <u>2,066</u>	 <u>188,813</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	<u>65,000</u>	<u>-</u>	<u>(65,000)</u>
 CHANGE IN FUND BALANCE	 (121,747)	 2,066	 188,813
FUND BALANCE, Beginning	<u>121,747</u>	<u>99,148</u>	<u>(22,599)</u>
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ 101,214</u>	<u>\$ 101,214</u>

BACA COUNTY SCHOOL DISTRICT RE-4
BUDGETARY COMPARISON SCHEDULE
STUDENT ACTIVITY FUND
Year Ended June 30, 2025

	<u>ORIGINAL AND FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE Positive (Negative)</u>
REVENUES			
Local Sources			
Student Activity Fees	\$ <u>150,000</u>	\$ <u>157,511</u>	\$ <u>7,511</u>
EXPENDITURES			
Current			
Supporting Services	150,000	137,352	12,648
Contingencies	<u>110,000</u>	<u>-</u>	<u>110,000</u>
TOTAL EXPENDITURES	<u>260,000</u>	<u>137,352</u>	<u>122,648</u>
CHANGE IN FUND BALANCE	(110,000)	20,159	130,159
FUND BALANCE, Beginning	<u>110,000</u>	<u>57,918</u>	<u>(52,082)</u>
FUND BALANCE, Ending	<u><u>\$ -</u></u>	<u><u>\$ 78,077</u></u>	<u><u>\$ 78,077</u></u>

BACA COUNTY SCHOOL DISTRICT RE-4
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
Year Ended June 30, 2025

	<u>ORIGINAL AND FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE Positive (Negative)</u>
REVENUES			
Local Sources			
Property Taxes	\$ 395,159	\$ 380,771	\$ (14,388)
Investment Income	-	14,962	14,962
	<u>395,159</u>	<u>395,733</u>	<u>574</u>
TOTAL REVENUES	<u>395,159</u>	<u>395,733</u>	<u>574</u>
EXPENDITURES			
Debt Service			
Principal	255,085	255,085	-
Interest	120,577	120,577	-
Fees and Charges	750	-	750
Contingencies	219,286	-	219,286
	<u>595,698</u>	<u>375,662</u>	<u>220,036</u>
TOTAL EXPENDITURES	<u>595,698</u>	<u>375,662</u>	<u>220,036</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(200,539)</u>	<u>20,071</u>	<u>220,610</u>
OTHER FINANCING SOURCES (USES)			
Transfers Out	-	(15,923)	(15,923)
	<u>-</u>	<u>(15,923)</u>	<u>(15,923)</u>
CHANGE IN FUND BALANCE	(200,539)	4,148	204,687
FUND BALANCE, Beginning	<u>200,539</u>	<u>457,724</u>	<u>257,185</u>
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ 461,872</u>	<u>\$ 461,872</u>

BACA COUNTY SCHOOL DISTRICT RE-4
BUDGETARY COMPARISON SCHEDULE
CAPITAL PROJECTS FUND
Year Ended June 30, 2025

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES			
Local Sources	\$ 2,500	\$ 3,915	\$ 1,415
Federal Grants	170,189	-	(170,189)
TOTAL REVENUES	172,689	3,915	(168,774)
EXPENDITURES			
Capital Outlay	501,839	19,795	482,044
Contingencies	1,505,306	-	1,505,306
TOTAL EXPENDITURES	2,007,145	19,795	1,987,350
CHANGE IN FUND BALANCE	(1,834,456)	(15,880)	(2,156,124)
FUND BALANCE, Beginning	1,834,456	187,698	(1,646,758)
FUND BALANCE, Ending	\$ -	\$ 171,818	\$ 171,818

BACA COUNTY SCHOOL DISTRICT RE-4
BUDGETARY COMPARISON SCHEDULE
BUILDING FUND
Year Ended June 30, 2025

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES			
State Grants	\$ -	\$ 2,380,882	\$ 2,380,882
EXPENDITURES			
Capital Outlay	-	2,466,833	(2,466,833)
CHANGE IN FUND BALANCE	-	(85,951)	4,847,715
FUND BALANCE, Beginning	-	(9,116)	(9,116)
FUND BALANCE, Ending	\$ -	\$ (95,067)	\$ (95,067)

COMPLIANCE SECTION

STATE COMPLIANCE



Colorado Department of Education

Auditors Integrity Report

District: 0250 - Springfield RE-4

Fiscal Year 2024-25

Colorado School District/BOCES

Revenues, Expenditures, & Fund Balance by Fund

Fund Type & Number	Beg Fund Balance & Prior Per Adj (6880*)	1000 - 5999 Total Revenues & Other Sources	0001-0999 Total Expenditures & Other Uses	6700-6799 & Prior Per Adj (6880*) Ending Fund Balance
Governmental	+		-	=
10 General Fund	4,469,046	5,177,035	4,915,673	4,730,408
18 Risk Mgmt Sub-Fund of General Fund	0	0	0	0
19 Colorado Preschool Program Fund	78,551	176,007	175,899	78,659
Sub- Total	4,547,598	5,353,041	5,091,573	4,809,066
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	99,148	322,880	320,814	101,214
22 Govt Designated-Purpose Grants Fund	0	0	0	0
23 Pupil Activity Special Revenue Fund	57,919	157,511	137,352	78,078
25 Transportation Fund	0	0	0	0
31 Bond Redemption Fund	457,724	379,811	375,662	461,873
39 Certificate of Participation (COP) Debt Service Fund	0	0	0	0
41 Building Fund	-9,116	2,380,883	2,466,832	-95,065
42 Special Building Fund	0	0	0	0
43 Capital Reserve Capital Projects Fund	187,699	3,915	19,796	171,818
46 Supplemental Cap Const, Tech, Main Fund	0	0	0	0
Totals	5,340,972	8,598,041	8,412,029	5,526,984
Proprietary				
50 Other Enterprise Funds	0	0	0	0
64 (63) Risk-Related Activity Fund	0	0	0	0
60,65-69 Other Internal Service Funds	0	0	0	0
Totals	0	0	0	0
Fiduciary				
70 Other Trust and Agency Funds	0	0	0	0
72 Private Purpose Trust Fund	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
Totals	0	0	0	0

FINAL