

**OURAY COUNTY SCHOOL DISTRICT NO. R-2  
RIDGWAY, COLORADO**

**BASIC FINANCIAL STATEMENTS**

**June 30, 2025**

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## **FINANCIAL SECTION**



**PROSPECTIVE  
BUSINESS  
SOLUTIONS, LLC**  
Certified Public Accountants

Auditing, Accounting, and Consulting Services for  
Governments and Nonprofit Organizations

Board of Education  
Ouray County School District No. R-2  
Ridgway, Colorado

## INDEPENDENT AUDITOR'S REPORT

### 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 Ouray County School District No. R-2 (the "District"), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Ouray County School District No. R-2 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 for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of 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 risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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, the budgetary comparison information, the schedules of the District's proportionate share, and the schedules of the District's contributions on pages 47-55 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

## Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual fund statements and 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 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 fund statements and schedules and the Auditor's Integrity Report are fairly stated in all material respects in relation to the financial statements as a whole.

*PB Solutions LLC*

Littleton, Colorado  
October 22, 2025

## **Management's Discussion and Analysis Ouray County School District R-2**

**June 30, 2025**

As management of the Ouray County School District R-2 we offer readers of the district's financial statements this narrative overview and analysis of the financial activities of the district for the fiscal year ended June 30, 2025.

### **Financial Highlights**

At the close of the fiscal year, the district's total assets and deferred outflows of resources exceed its total liabilities and deferred inflows of resources by \$19,721,210 (net position). This is an increase of \$3,478,985 over the prior year. Of this amount, \$14,867,343 is invested in capital assets (net of related debt), \$227,000 is restricted for emergencies, \$2,272,448 is restricted for debt service, \$340,654 is restricted for Capital Projects leaving an unrestricted positive net position balance of \$2,013,765.

At the end of the current fiscal year, the fund balance for the general fund was \$4,744,998. This is an increase of \$696,626 from fiscal year 2023-2024.

The district's long-term obligations are \$14,165,288. The renovations to the elementary school and assorted district wide improvement projects have been completed and no further debt has been added to the bonds issued in 2021.

### **Overview of the Financial Statements**

This discussion and analysis are intended to serve as an introduction to the district's basic financial statements. The district's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The *government-wide financial statements* are designed to provide readers with a broad overview of the district's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the district's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the district is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

The government-wide financial statements only have governmental activities that are principally supported by taxes and intergovernmental revenues. The governmental activities of the district include instructional services, pupil services, instructional staff services, general administration services, school administration services, maintenance and capital asset services, and transportation services. The government-wide financial statements include only the district itself, as the district has no component units.

The government-wide financial statements can be found on pages 1 and 2 of this report.

**Fund financial statements.** 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 state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the funds of the district can be divided into two categories: governmental funds and fiduciary funds.

**Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The district maintains four major governmental funds and four non-major governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the following major funds: General Fund, Fundraising Fund, the Bond Redemption Debt Service Fund, and the Building Fund.

The Student Activities Fund, Food Service Fund, Grant Fund, and the Capital Projects Fund are combined in one column labeled non-major governmental funds.

The district adopts an annual appropriated budget for all funds. Budgetary comparison statements are included in the financial statements to demonstrate compliance with this budget.

The governmental fund financial statements can be found on pages 3 and 5 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 7-46 of this report.

## Government-wide Financial Analysis

Net Position may serve over time as a useful indicator of a government's financial position. In the case of the District, Net Position increased to \$19,721,210 at the close of the most recent fiscal year 2024-2025.

The district's net position in its net investment in capital assets (e.g., land and improvements, buildings, and equipment); less any related debt used to acquire those assets that are still outstanding, is \$14,867,343. The district uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the District's net investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Property taxes are levied specifically to fund debt service on general obligation bonds.

### Ouray County School District R-2: Statement of Net Position Governmental Activities

	<u>2025</u>	<u>2024</u>
<b><u>ASSETS</u></b>		
Current and other assets	\$ 13,639,155	\$ 12,702,721
Capital Assets	\$ 28,831,741	\$ 26,512,554
<i>Total Assets:</i>	<b>\$ 42,470,896</b>	<b>\$ 39,215,275</b>
Deferred Outflows Pensions and OPEB	\$ 1,716,170	\$ 2,580,707
<b><u>LIABILITIES</u></b>		
Long-term Liabilities Outstanding	\$ 13,447,502	\$ 14,064,534
Other Liabilities	\$ 2,411,829	\$ 1,875,764
Net Pension Liability	\$ 7,935,399	\$ 8,957,807
<i>Total Liabilities:</i>	<b>\$ 23,794,730</b>	<b>\$ 24,898,105</b>
Deferred Inflows Pensions and OPEB	\$ 671,126	\$ 655,652
<b><u>NET POSITION</u></b>		
Net Investment in Capital Asset	\$ 14,867,343	\$ 11,954,249
Restricted	\$ 2,840,102	\$ 2,356,299
Unrestricted	\$ 2,013,765	\$ 1,931,677
<i>Total Net Position:</i>	<b>\$ 19,721,210</b>	<b>\$ 16,242,225</b>

The largest proportion of the district's assets are from investments in capital assets. Thirty-two percent of the district's assets are categorized as current assets which include cash and investments. Twenty one percent of the district's *current liabilities* represent accrued salaries and fringe benefits. This liability occurs when teachers and certain other district employees work nine months of the year but are paid over the full twelve months. Therefore, for each month these employees work, they earn more than they are paid. Colorado statutes do not require the liability to be funded or budgeted for until the year in which it is paid.

**Ouray County School District R-2: Changes in Net Position**

Governmental Activities

	2025	2024
<b><u>Program Revenues</u></b>		
Charges for Services	\$ 410,790	\$ 373,632
Operating Grants and Contributions	\$ 734,239	\$ 747,435
Capital Grants and Contributions	\$ 2,705,475	\$ 1,605,966
<b>Total Program Revenues</b>	<b>\$ 3,850,504</b>	<b>\$ 2,727,033</b>
<b><u>General Revenues</u></b>		
Property Taxes Levied for General Purposes	\$ 5,935,339	\$ 5,648,090
Property Taxes levied for debt service	\$ -	\$ -
State Equalization	\$ 1,485,060	\$ 1,426,403
Specific Ownership Taxes	\$ 446,743	\$ 439,087
Investment Earnings	\$ 408,449	\$ 463,058
Miscellaneous revenue	\$ 75,716	\$ 7,732
<b>Total General Fund Revenues</b>	<b>\$ 8,351,307</b>	<b>\$ 7,984,370</b>
<b>Total Revenues</b>	<b>\$ 12,201,811</b>	<b>\$ 10,711,403</b>
<b><u>Expenses</u></b>		
Instructional Services	\$ 4,875,913	\$ 4,579,355
Support Services:	\$ 3,476,820	\$ 3,811,443
Interest and Fiscal Charges	\$ 370,093	\$ 384,028
<b>Total Expenses</b>	<b>\$ 8,722,826</b>	<b>\$ 8,774,826</b>
Change in Net Position	\$ 3,478,985	\$ 1,936,577
Net Position, Beginning	\$ 16,242,225	\$ 14,305,648
<b>Net Position, Ending</b>	<b>\$ 19,721,210</b>	<b>\$ 16,242,225</b>

Key elements of the change in net position are as follows:

State equalization increased by \$58,657 from prior fiscal year. Property taxes levied for general purposes and for debt service increased by \$287,249. Some of the increase is the product of the Colorado Public School Finance Act, which provides for much of the funding of local school districts based on a funded pupil count formula and a standardized maximum statewide property tax mill levy.

**Governmental funds.** The focus of the district's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the district's financing requirements. Unassigned *fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the district's governmental funds reported combined ending fund balances of \$11,830,711. The Unassigned fund balance is \$4,517,998. Non-spendable fund balances are set aside for inventory in the amount of \$6,836. Restricted fund balances totaling \$2,840,102 are aside for emergencies (Tabor), debt service, capital projects, and grants. The district also reports committed fund balance for capital projects in the amount of \$59,434 and assigned fund balance for future expenditures of \$4,406,341.

The General Fund is the chief operating fund of the district. At the end of the current fiscal year, the total fund balance was \$4,744,998. The fund balance of the District's General Fund increased by \$696,626 during the 2024-2025 fiscal year.

### **General Fund Budgetary Highlights**

The general fund had two board approved budgets in the 2024-2025 fiscal year. Preliminary budget was adopted in June 2024 and an amended budget adopted in December 2024. A supplemental budget as of June 30, 2025, was adopted to recognize final transfers needed to fund 23 as well as fund 43 to balance out the activity during the fiscal year.

The difference in revenues to expenses during the fiscal year 2024-2025 yielded an increase to the general fund in a total of \$696,626. This is largely due to conservative budgeting practices.

The budgetary comparison schedule for the general fund is located behind the audit notes in a section referred to as *Required Supplementary Information*. This is an informational tool to help see how close the budget to actual revenue and expenditures are by using a variance column.

Budgeted revenues for the General Fund totaled \$7,232,172 whereas the actual revenue received during the fiscal year was \$7,395,389. This is an increase over the budget in the amount of \$163,217. This is mainly due to an increase in the collections of Specific Ownership Taxes during the fiscal year.

Total budgeted expenditures excluding reserves and transfers were \$7,104,594. Actual expenditure was \$591,753 less than budgeted. This variance is primarily due to budgeting salary and benefits with placeholders for vacant positions that remained unfilled by the district during the fiscal year.

**Capital assets.** The district's investment in capital assets for its governmental activities as of June 30, 2025, amounted to \$28,831,741 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, and vehicles and equipment. The total increase in the district's investment in capital assets for the current fiscal year was due to additions of construction in progress, offset by depreciation. More information can be found in Note 3 to the financial statements.

**Long-term debt.** At the end of the current fiscal year, the district had total outstanding debt of \$22,100,687. This amount includes general obligation bonds of \$11,650,000 that are backed by the full faith and credit of the district. The general obligation bonds maintain a rating of "AAA" from Standard & Poor's. State statutes limit the amount of general obligation debt a governmental entity may issue to 20 percent of its total assessed valuation. Included as well is the net pension and OPEB liability totaling \$7,935,399. More information can be found in Note 4 to the financial statements.

## **Economic Factors and Next Year's Budgets**

The district's enrollment continued to decrease in 2024-2025. Trends in enrollment directly impact the school district's budget for funding. Rising inflation costs and State budget cuts will directly affect the State of Colorado's funding formula for school districts in the future. The state will adopt a funding formula in fiscal year 2025-2026 that will fund districts based on a four-year average rate. The current funding formula for 2024-2025 was based on a five-year average rate.

Ever-rising costs of health insurance for our staff benefit program means the district has to be very resourceful in purchasing goods and services.

In November 2000, voters in Colorado approved Amendment 23 to the Colorado constitution providing that K-12 funding would increase at pupil growth plus inflation plus one percent for 10 years and thereafter, growth plus inflation. The amendment created a State Education Fund, which was intended to accumulate revenues to support this level of funding. This provision was intended to stabilize and remove funding from the political process. New bonds were issued in December 2021 for renovation projects at the elementary school and the district was awarded a BEST Grant to assist in those improvements. These renovations were fully completed in the 2023-2024 fiscal year. The remaining funds are being used to address a new roof on the Secondary Building as well as assorted district wide upgrade renovations that continued throughout the fiscal year and expected to continue into the 2025-2026 fiscal year.

## **Requests for Information**

This financial report is designed to provide a general overview of the district's finances for all those with an interest in the district's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Ouray County School District R-2 Business Manager, 1115 W Clinton, Ridgway, Colorado 81432.

## **BASIC FINANCIAL STATEMENTS**

OURAY COUNTY SCHOOL DISTRICT NO. R-2

STATEMENT OF NET POSITION

June 30, 2025

	GOVERNMENTAL ACTIVITIES
<b>ASSETS</b>	
Cash and Investments	\$ 5,436,049
Restricted Cash and Investments	7,186,717
Cash Held with Fiscal Agent	55,822
Accounts Receivable	538,077
Taxes Receivable	415,654
Inventories	6,836
Capital Assets, Not Depreciated	3,306,041
Capital Assets, Depreciated, Net of Accumulated Depreciation	<u>25,525,700</u>
<b>TOTAL ASSETS</b>	<u>42,470,896</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Related to Pensions	1,691,215
Related to OPEB	<u>24,955</u>
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u>1,716,170</u>
<b>LIABILITIES</b>	
Accounts Payable	1,148,765
Retainage Payable	135,356
Accrued Salaries and Benefits	365,980
Accrued Interest Payable	41,896
Unearned Revenue	2,046
Noncurrent Liabilities	
Due Within One Year	493,859
Due in More Than One Year	13,447,502
Compensated Absences and Early Retirement	223,927
Net Pension Liability	7,797,057
Net OPEB Liability	<u>138,342</u>
<b>TOTAL LIABILITIES</b>	<u>23,794,730</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Related to Pensions	580,892
Related to OPEB	<u>90,234</u>
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>671,126</u>
<b>NET POSITION</b>	
Net Investment in Capital Assets	14,867,343
Restricted for Emergencies	227,000
Restricted for Capital Projects	340,654
Restricted for Debt Service	2,272,448
Unrestricted	<u>2,013,765</u>
<b>TOTAL NET POSITION</b>	<u>\$ 19,721,210</u>

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

OURAY COUNTY SCHOOL DISTRICT NO. R-2

STATEMENT OF ACTIVITIES  
Year Ended June 30, 2025

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES
<b>PRIMARY GOVERNMENT</b>					
<b>Governmental Activities</b>					
Instruction	\$ 4,875,913	\$ -	\$ 9,700	\$ -	\$ (4,866,213)
Supporting Services	3,476,820	410,790	724,539	2,705,475	363,984
Interest and Fiscal Charges	370,093	-	-	-	(370,093)
<b>Total Governmental Activities</b>	<b>8,722,826</b>	<b>410,790</b>	<b>734,239</b>	<b>2,705,475</b>	<b>(4,872,322)</b>
<b>GENERAL REVENUES</b>					
					5,935,339
					446,743
					1,485,060
					75,716
					408,449
					<b>8,351,307</b>
					<b>CHANGE IN NET POSITION</b>
					3,478,985
					<b>NET POSITION, Beginning</b>
					16,242,225
					<b>NET POSITION, Ending</b>
					<b>\$ 19,721,210</b>

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

OURAY COUNTY SCHOOL DISTRICT NO. R-2

BALANCE SHEET  
GOVERNMENTAL FUNDS

June 30, 2025

	GENERAL FUND	FUNDRAISING FUND	BOND REDEMPTION DEBT SERVICE FUND	BUILDING FUND	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>ASSETS</b>						
Cash and Investments	\$ 5,142,479	\$ -	\$ -	\$ -	\$ 293,570	\$ 5,436,049
Restricted Cash and Investments	-	196,008	2,214,979	4,775,730	-	7,186,717
Cash Held With Fiscal Agent	45,624	-	10,198	-	-	55,822
Accounts Receivable	-	538,077	-	-	-	538,077
Due From Other Funds	1,551	-	-	-	91,950	93,501
Taxes Receivable	339,707	-	75,947	-	-	415,654
Inventory	-	-	-	-	6,836	6,836
TOTAL ASSETS	<u>\$ 5,529,361</u>	<u>\$ 734,085</u>	<u>\$ 2,301,124</u>	<u>\$ 4,775,730</u>	<u>\$ 392,356</u>	<u>\$ 13,732,656</u>
<b>LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES</b>						
<b>LIABILITIES</b>						
Accounts Payable	\$ 202,956	\$ 270,000	\$ -	\$ 670,002	\$ 5,807	\$ 1,148,765
Retainage Payable	-	123,431	-	11,925	-	135,356
Due To Other Funds	91,950	-	-	1,551	-	93,501
Accrued Salaries and Benefits	359,790	-	-	-	6,190	365,980
Unearned Revenue	2,046	-	-	-	-	2,046
TOTAL LIABILITIES	<u>656,742</u>	<u>393,431</u>	<u>-</u>	<u>683,478</u>	<u>11,997</u>	<u>1,745,648</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Deferred Property Tax Revenues	127,621	-	28,676	-	-	156,297
<b>FUND BALANCES</b>						
Nonspendable	-	-	-	-	6,836	6,836
Restricted for Emergencies	227,000	-	-	-	-	227,000
Restricted for Debt Service	-	-	2,272,448	-	-	2,272,448
Restricted for Capital Projects	-	340,654	-	-	-	340,654
Committed for Capital Projects	-	-	-	-	59,434	59,434
Assigned	-	-	-	4,092,252	314,089	4,406,341
Unassigned	4,517,998	-	-	-	-	4,517,998
TOTAL FUND BALANCES	<u>4,744,998</u>	<u>340,654</u>	<u>2,272,448</u>	<u>4,092,252</u>	<u>380,359</u>	<u>11,830,711</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<u>\$ 5,529,361</u>	<u>\$ 734,085</u>	<u>\$ 2,301,124</u>	<u>\$ 4,775,730</u>	<u>\$ 392,356</u>	<u>\$ 13,732,656</u>

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

OURAY COUNTY SCHOOL DISTRICT NO. R-2

RECONCILIATION OF THE GOVERNMENTAL FUNDS  
BALANCE SHEET 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 \$ 11,830,711

Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds.

Capital Assets, Not Depreciated	3,306,041	
Capital Assets, Depreciated	33,856,081	
Accumulated Depreciation	<u>(8,330,381)</u>	28,831,741

Other long-term assets are not available to pay for current-period expenditures, and therefore, are deferred in the funds. 156,297

Long-term liabilities and related assets are not due and payable in the current period and, therefore, are not reported in the funds.

Compensated Absences	(242,786)	
Accrued Interest Payable	(41,896)	
Bonds Payable	(11,650,000)	
Bond Premium	(2,272,502)	
Net Pension Liability	(7,797,057)	
Net OPEB Liability	<u>(138,342)</u>	(22,142,583)

Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.

Deferred outflows of resources - Related to Pensions	1,691,215	
Deferred outflows of resources - Related to OPEB	24,955	
Deferred inflows of resources - Related to Pensions	(580,892)	
Deferred inflows of resources - Related to OPEB	<u>(90,234)</u>	<u>1,045,044</u>

Net position of governmental activities \$ 19,721,210

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

OURAY COUNTY SCHOOL DISTRICT NO. R-2

STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS

Year Ended June 30, 2025

	GENERAL FUND	FUNDRAISING FUND	BOND REDEMPTION DEBT SERVICE FUND	BUILDING FUND	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>REVENUES</b>						
Local Sources	\$ 5,786,969	\$ 1,759,610	\$ 1,258,171	\$ 221,790	\$ 313,661	\$ 9,340,201
State Sources	1,608,420	645,216	-	306,059	108,314	2,668,009
Federal Sources	-	-	-	-	122,337	122,337
<b>TOTAL REVENUES</b>	<b>7,395,389</b>	<b>2,404,826</b>	<b>1,258,171</b>	<b>527,849</b>	<b>544,312</b>	<b>12,130,547</b>
<b>EXPENDITURES</b>						
<b>Current</b>						
Instruction	3,829,522	-	-	-	300,087	4,129,609
Supporting Services	2,641,506	2,105,271	2	-	250,188	4,996,967
Capital Outlay	41,813	-	-	1,138,275	413,718	1,593,806
<b>Debt Service</b>						
Principal	-	-	450,000	-	-	450,000
Interest	-	-	514,000	-	-	514,000
<b>TOTAL EXPENDITURES</b>	<b>6,512,841</b>	<b>2,105,271</b>	<b>964,002</b>	<b>1,138,275</b>	<b>963,993</b>	<b>11,684,382</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>882,548</b>	<b>299,555</b>	<b>294,169</b>	<b>(610,426)</b>	<b>(419,681)</b>	<b>446,165</b>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers In	202,712	-	-	-	388,634	591,346
Transfers (Out)	(388,634)	-	(182,850)	-	(19,862)	(591,346)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(185,922)</b>	<b>-</b>	<b>(182,850)</b>	<b>-</b>	<b>368,772</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>696,626</b>	<b>299,555</b>	<b>111,319</b>	<b>(610,426)</b>	<b>(50,909)</b>	<b>446,165</b>
FUND BALANCES, Beginning, as previously reported	4,048,372	-	2,161,129	4,702,678	472,367	11,384,546
Adjustment - change from nonmajor to major funds	-	41,099	-	-	(41,099)	-
FUND BALANCES, Beginning, as restated	4,048,372	41,099	2,161,129	4,702,678	431,268	11,384,546
<b>FUND BALANCES, Ending</b>	<b>\$ 4,744,998</b>	<b>\$ 340,654</b>	<b>\$ 2,272,448</b>	<b>\$ 4,092,252</b>	<b>\$ 380,359</b>	<b>\$ 11,830,711</b>

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

OURAY COUNTY SCHOOL DISTRICT NO. R-2

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 - total governmental funds		\$	446,165
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expense in the statement of activities.			
	Capital Outlay	3,225,476	
	Depreciation	<u>(906,289)</u>	2,319,187
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.			
			(2,588)
Some expenses reported in the statement of activities do not require current financial resources and are not reported in the funds.			
	Bond Principal Payments	450,000	
	Amortization of Bond Premium	142,032	
	Changes in Accrued Interest Payable	1,875	
	Changes in Compensated Absences	<u>(20,083)</u>	573,824
Deferred Charges related to pensions and OPEB are not recognized in the governmental funds. However, for the government-wide funds those amounts are capitalized and amortized.			
	Deferred charges related to Pension Plan	83,195	
	Deferred charges related to OPEB	<u>59,202</u>	<u>142,397</u>
Change in net position of governmental activities		\$	<u><u>3,478,985</u></u>

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

OURAY COUNTY SCHOOL DISTRICT NO. R-2  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the Ouray County School District No. R-2 (the “District”) conform to generally accepted accounting principles as applicable to governmental units. The District is a political subdivision of the State of Colorado and is governed by a board of five members, elected by the citizens of Ouray County residing within the District boundaries. Following is a summary of the more significant policies:

**Reporting Entity**

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

Based upon the application of these criteria, no additional organizations are includable within the District’s reporting entity.

**Government-Wide and Fund Financial Statements**

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

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

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*. Internally dedicated resources are reported as general revenues rather than as program revenues.

OURAY COUNTY SCHOOL DISTRICT NO. R-2  
NOTES TO 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 proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Fiduciary funds utilize the accrual basis of accounting.

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

Property taxes, specific ownership taxes, grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

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

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

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

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

The *Fundraising Fund* is a special revenue fund that accounts for the grants and donations received by the District for capital purposes

OURAY COUNTY SCHOOL DISTRICT NO. R-2  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025

**NOTE 1:** **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

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

The *Bond Redemption Debt Service Fund* is the fund that accounts for the repayment of the District's general obligation debt.

The *Building Fund* is the fund that accounts for the District's capital projects financed in part by BEST grant funds.

**Assets, Liabilities, and Fund Balance/Net Position**

Cash and Investments – The District considers cash and cash equivalents to be all demand deposits as well as short-term investments with a maturity date of three months or less. Investments are stated 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.

Inventories – Inventories in the governmental funds are valued using the purchase method. Under this method, inventories are recorded as expenditures when purchased. A physical inventory is taken annually at June 30<sup>th</sup> in the Food Service Fund. Purchased commodities and supplies are valued at cost using the first-in, first-out (FIFO) method. United States Department of Agriculture commodity inventories are valued using Federal Guidelines.

Due To and Due From Other Funds - Interfund balances arise from transactions that are recorded by all funds affected in the period in which transactions are executed.

Capital Assets – Capital assets, which include property and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed.

OURAY COUNTY SCHOOL DISTRICT NO. R-2  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025

**NOTE 1:**     **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

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

Donated capital assets are recorded at estimated acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Property and equipment of the District is depreciated using the straight-line method over the following estimated useful lives.

Buildings and Improvements	15-40 years
Vehicles and Equipment	4-25 years

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

Accrued Salaries and Benefits – Salaries and benefits of certain contractually employed personnel are paid over a twelve-month period from September to August but are earned during the school year of approximately nine to ten months. The salaries and benefits earned, but unpaid, as of June 30, 2025, are reported as a liability in the General and Food Service Funds.

Vacation, Sick Leave, and Other Compensated Absences – District employees are entitled to certain compensated absences in the form of sick leave, personal leave, and vacation based on their employment classification and length of employment. When an employee accumulates sick leave of at least 35 days, employees are deemed to be vested in the leave program and are therefore eligible to be paid unused sick leave upon separation of employment. Nonvested employees forfeit their accumulated sick leave upon separation of employment. Eligible District employees may accumulate up to 60 vacation days and are eligible to be paid their accumulated vacation days upon separation of employment. Employees who have accumulated sick and vacation leave in excess of 35 and 60 days, respectively, are paid out the excess leave days in July and October of the following fiscal year. Sick leave is paid out at the current substitute rate of pay and vacation leave is paid out at the employee’s current rate of pay.

These compensated absences are expensed when paid in the governmental fund types. A long-term liability in the amount of \$242,786 has been recorded in the government-wide statement of net position for the accrued compensated absences.

OURAY COUNTY SCHOOL DISTRICT NO. R-2  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025

**NOTE 1:**     **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

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

Deferred Outflows and Deferred Inflows of Resources – In addition to assets, the statement of financial position and balance sheets will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position and fund balance that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the statement of financial position and balance sheets will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position and fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Long-Term Debt – In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement on net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method.

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

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

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

OURAY COUNTY SCHOOL DISTRICT NO. R-2  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025

**NOTE 1:**     **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

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

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

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

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

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

- Nonspendable – This classification includes amounts that cannot be spent either because they are not in a spendable form or because they are legally or contractually required to be maintained intact. The District reports inventory balances as nonspendable.
  
- Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The District has classified Emergency Reserves as being restricted because their use is restricted by State Statute for declared emergencies. In addition, the District has classified amounts held for debt service and capital projects as restricted as required by bond covenants and grant purposes, respectively.

OURAY COUNTY SCHOOL DISTRICT NO. R-2  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025

**NOTE 1:**     **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

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

- **Committed** – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Education. These amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The District reports the fund balance in the Capital Projects Fund as committed for capital projects.
  
- **Assigned** – This classification includes amounts the government intends to use for specific purposes that do not meet the criteria to be classified as restricted or committed. Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts that are classified as committed. The District has classified portions of the fund balances of the Building Fund, Food Service Fund, and Student Activities Fund as assigned because their use has been designated for a specific purpose by the District.
  
- **Unassigned** – This classification includes the residual fund balance that does not meet any of the above criteria for the General Fund. The Unassigned classification also includes the negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

The District would typically use restricted fund balances first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned fund balance.

**Risk Management**

The District carries commercial insurance for risks of loss, including worker’s compensation and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

**Subsequent Events**

The District has evaluated events subsequent to the year ended June 30, 2025 through October 22, 2025, the date these financial statements were issued, and has incorporated any required recognition into these financial statements.

OURAY COUNTY SCHOOL DISTRICT NO. R-2  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2025

**NOTE 2: CASH AND INVESTMENTS**

Cash and investments at June 30, 2025, consist of the following:

Deposits	\$	5,783,224
Investments		6,839,542
Total		\$ 12,622,766

The above amounts are classified in the statement of net position as follows:

Cash and Investments - Unrestricted	\$	5,436,049
Cash and Investments - Restricted		7,186,717
		\$ 12,622,766

**Custodial Credit Risk – Deposits**

Custodial credit risk is the risk that in the event of a bank failure, the government’s deposits may not be returned to it. The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. At June 30, 2025, State regulatory commissioners have indicated that all financial institutions holding deposits for the District are eligible public depositories. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits.

The District has no policy regarding custodial credit risk for deposits.

At June 30, 2025, the District had deposits with financial institutions with a carrying amount of \$5,783,224. The bank balances with the financial institutions were \$6,202,653. Of these balances, \$500,000 was covered by federal depository insurance and \$5,702,653 was covered by collateral held by authorized escrow agents in the financial institutions name (PDPA).

**Investments**

**Interest Rate Risk**

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

OURAY COUNTY SCHOOL DISTRICT NO. R-2  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025

**NOTE 2:** **CASH AND INVESTMENTS** (Continued)

**Credit Risk**

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

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

**Local Government Investment Pools**

At June 30, 2025, the District had invested \$6,839,542 in the Colorado Government Liquid Asset Trust (ColoTrust) which has a credit rating of AAAm by Standard and Poor's. ColoTrust is an investment vehicle established for local government entities in Colorado to pool surplus funds and is regulated by the State Securities Commissioner. It operates similarly to a money market fund and each share is equal in value to \$1.00. (Net Asset Value) Investments consist of U.S. Treasury and U.S. Agency securities, and repurchase agreements collateralized by U.S. Treasury and U.S. Agency securities. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. Substantially all securities owned are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by the entities.

ColoTrust is not a 2a7-like external investment pool. The unit of account is each share held, and the value of the position would be the fair value of the pool's share price multiplied by the number of shares held. The government-investor does not "look through" the pool to report a pro rata share of the pool's investments, receivables, and payables. The District's investments are measured at Net Asset Value.

**Restricted Cash**

At June 30, 2025, cash, and investments in the amount of \$196,008 in the Fundraising Fund are restricted for capital projects, \$2,214,979 are restricted in the Bond Redemption Debt Service Fund for debt service requirements, and \$4,775,730 is restricted in the Building Fund for capital expenditures.

OURAY COUNTY SCHOOL DISTRICT NO. R-2  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025

**NOTE 3: CAPITAL ASSETS**

	Balance 7/1/2024	Additions	Deletions	Balance 6/30/2025
<b>Governmental Activities</b>				
Capital Assets, Not Depreciated				
Land	\$ 554,431	\$ -	\$ -	\$ 554,431
Construction in Progress	754,183	2,917,792	920,365	2,751,610
Total Capital Assets, Not Depreciated	<u>1,308,614</u>	<u>2,917,792</u>	<u>920,365</u>	<u>3,306,041</u>
Capital Asset, Being Depreciated				
Buildings and Improvements	31,620,173	947,871	-	32,568,044
Equipment	264,408	26,498	-	290,906
Transportation Equipment	743,451	253,680	-	997,131
Total Capital Assets, Being Depreciated	<u>32,628,032</u>	<u>1,228,049</u>	<u>-</u>	<u>33,856,081</u>
Accumulated Depreciation				
Buildings and Improvements	6,872,336	828,239	-	7,700,575
Equipment	151,609	15,995	-	167,604
Transportation Equipment	400,147	62,055	-	462,202
Total Depreciation	<u>7,424,092</u>	<u>906,289</u>	<u>-</u>	<u>8,330,381</u>
Net Capital Assets, Depreciated	<u>25,203,940</u>	<u>321,760</u>	<u>-</u>	<u>25,525,700</u>
Net Capital Assets	<u>\$ 26,512,554</u>	<u>\$ 3,239,552</u>	<u>\$ 920,365</u>	<u>\$ 28,831,741</u>

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

<b>Governmental Activities</b>	
Instruction	\$ 770,447
Supporting Services	<u>135,842</u>
Total	<u>\$ 906,289</u>

OURAY COUNTY SCHOOL DISTRICT NO. R-2  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025

**NOTE 4: LONG-TERM DEBT**

The following is a summary of the District’s long-term debt transactions for the year ended June 30, 2025:

	Balance 7/1/2024	Additions	Payments	Balance 6/30/2025	Due In One Year
2021 G.O. Bonds	\$ 12,100,000	\$ -	\$ 450,000	\$ 11,650,000	\$ 475,000
2021 Premium	2,414,534	-	142,032	2,272,502	-
Compensated Absences	222,703	20,083	-	242,786	18,859
Net Pension Liability	8,746,611	-	949,554	7,797,057	-
Net OPEB Liability	211,196	-	72,854	138,342	-
<b>Total</b>	<b>\$ 23,695,044</b>	<b>\$ 20,083</b>	<b>\$ 1,614,440</b>	<b>\$ 22,100,687</b>	<b>\$ 493,859</b>

**2021 General Obligation Bonds**

On December 16, 2021, the District issued General Obligation Bonds, Series 2021, in the amount of \$12,100,000. Proceeds of the bonds are used for the construction, renovation, and equipment improvements at the District’s elementary school, as approved by voters at the November 21, 2021, elections. The bonds carry interest rates ranging from 3.0% to 5.0%. Semi-annual interest payments are due on June 1 and December 1 of each year. Principal payments on the bonds are due on December 1 starting in 2025 through 2042. At June 30, 2025, \$11,650,000 was outstanding on these bonds.

OURAY COUNTY SCHOOL DISTRICT NO. R-2  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025

**NOTE 4: LONG-TERM DEBT** (Continued)

Annual debt service requirements on all outstanding bonds are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 475,000	\$ 490,875	\$ 965,875
2027	495,000	466,625	961,625
2028	520,000	446,450	966,450
2029	540,000	430,550	970,550
2030	555,000	408,575	963,575
2031-2035	3,210,000	1,588,000	4,798,000
2036-2040	4,015,000	782,500	4,797,500
2041-2042	1,840,000	74,400	1,914,400
Total	<u>\$ 11,650,000</u>	<u>\$ 4,687,975</u>	<u>\$ 16,337,975</u>

**NOTE 5: INTERFUND BALANCES AND TRANSFERS**

At June 30, 2025, the General Fund owed \$32,516 to the Student Activities Fund and \$59,434 to the Capital Projects Fund for reimbursement of expenditures. The Building Fund owed \$1,551 to the General Fund for expenditures paid by the General Fund on the Building Fund's behalf.

During the year ended June 30, 2025, the General Fund transferred \$300,635 to the Capital Projects Fund, \$2,999 to the Student Activities Fund and \$85,000 to the Food Service Fund to support the operations of those funds. The Bond Redemption Debt Service Fund and the Grants Fund transferred \$182,850 and \$19,862, respectively, in excess funds to the General Fund.

OURAY COUNTY SCHOOL DISTRICT NO. R-2  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025

**NOTE 6: DEFINED BENEFIT PENSION PLAN**

**Summary of Significant Accounting Policies**

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

**General Information about the Pension Plan**

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

*Benefits provided as of December 31, 2024.* PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. § 24-51-602, 604, 1713, and 1714.

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

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

OURAY COUNTY SCHOOL DISTRICT NO. R-2  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025

**NOTE 6:**     **DEFINED BENEFIT PENSION PLAN** (Continued)

**General Information about the Pension Plan** (Continued)

The lifetime retirement benefit for all eligible retiring employees under the Denver Public Schools (DPS) benefit structure is the greater of the:

- Highest average salary multiplied by 2.5% and then multiplied by years of service credit.
- \$15 times the first 10 years of service credit plus \$20 times the service credit over 10 years plus a monthly amount equal to the annuitized member contribution account balance based on life expectancy and other actuarial factors.

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

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

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

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

OURAY COUNTY SCHOOL DISTRICT NO. R-2  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2025

**NOTE 6: DEFINED BENEFIT PENSION PLAN** (Continued)

**General Information about the Pension Plan** (Continued)

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

*Contributions provisions as of June 30, 2025:* Eligible employees of the District and the State are required to contribute to the SCHDTF at a rate set by Colorado statute. The contribution requirements for the SCHDTF are established under C.R.S. § 24-51-401, *et seq.* and § 24-51-413. Eligible employees are required to contribute 11.00% of their PERA-includable salary during the period of July 1, 2024 through June 30, 2025. Employer contribution requirements are summarized in the following table:

	July 1, 2024 Through June 30, 2025
Employer contribution rate	11.40%
Amount of employer contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f)	(1.02%)
Amount apportioned to the SCHDTF	10.38%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	4.50%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	5.50%
<b>Total employer contribution rate to the SCHDTF</b>	<b>20.38%</b>

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

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from the District were \$746,127 for the year ended June 30, 2025.

For purposes of GASB 68 paragraph 15, a circumstance exists in which a nonemployer contributing entity is legally responsible for making contributions to the SCHDTF and is considered to meet the definition of a special funding situation. As specified in C.R.S. § 24-51-414, the State is required to contribute a \$225 million direct distribution each year to PERA starting on July 1, 2018.

OURAY COUNTY SCHOOL DISTRICT NO. R-2  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2025

**NOTE 6: DEFINED BENEFIT PENSION PLAN** (Continued)

**General Information about the Pension Plan** (Continued)

For 2024, a portion of the direct distribution payment is allocated to the SCHDTF based on the proportionate amount of annual payroll of the SCHDTF to the total annual payroll of the SCHDTF, State Division Trust Fund, Judicial Division Trust Fund, and Denver Public Schools Division Trust Fund.

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

The net pension liability for the SCHDTF was measured as of December 31, 2024, and the total pension liability (TPL) 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 TPL to December 31, 2024. The District’s proportion of the net pension liability was based on the District’s contributions to the SCHDTF for the calendar year 2024 relative to the total contributions of participating employers and the State as a nonemployer contributing entity.

At June 30, 2025, the District reported a liability of \$7,797,057 for its proportionate share of the net pension liability that reflected an increase for support from the State as a nonemployer contributing entity. The amount recognized by the District as its proportionate share of the net pension liability, the related support from the State as a nonemployer contributing entity, and the total portion of the net pension liability that was associated with the District were as follows:

District’s proportionate share of the net pension liability	\$7,797,057
The State’s proportionate share of the net pension liability as a nonemployer contributing entity associated with the District	700,299
Total	\$8,497,356

At December 31, 2024, the District’s proportion was 0.045%, which was a decrease of 0.004% from its proportion measured as of December 31, 2023.

For the year ended June 30, 2025, the District recognized pension expense of \$800,701 and revenue of \$63,916 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:

OURAY COUNTY SCHOOL DISTRICT NO. R-2  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025

**NOTE 6: DEFINED BENEFIT PENSION PLAN** (Continued)

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$441,536	\$-
Changes of assumptions or other inputs	58,455	-
Net difference between projected and actual earnings on pension plan investments	147,109	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	662,525	580,892
Contributions subsequent to the measurement date	381,590	N/A
<b>Total</b>	<b>\$1,691,215</b>	<b>\$580,892</b>

\$381,590 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year ended June 30,</b>	
2026	\$612,559
2027	519,469
2028	(298,377)
2029	(104,918)
2030	-
Thereafter	-

OURAY COUNTY SCHOOL DISTRICT NO. R-2  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2025

**NOTE 6: DEFINED BENEFIT PENSION PLAN** (Continued)

**Actuarial assumptions**

The December 31, 2023, actuarial valuation used the following actuarial cost method and key actuarial assumptions and other inputs:

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

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

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

	<b>Mortality Table</b>	<b>Adjustments, as Applicable</b>
Pre-Retirement	PubT-2010 Employee	N/A
Post-Retirement (Retiree), Non-Disabled	PubT-2010 Healthy Retiree	<b>Males:</b> 112% of the rates prior to age 80/ 94% of the rates age 80 and older <b>Females:</b> 83% of the rates prior to age 80/ 106% of the rates age 80 and older
Post-Retirement (Beneficiary), Non-Disabled	Pub-2010 Contingent Survivor	<b>Males:</b> 97% of the rates for all ages <b>Females:</b> 105% of the rates for all ages
Disabled	PubNS-2010 Disabled Retiree	99% of the rates for all ages

OURAY COUNTY SCHOOL DISTRICT NO. R-2  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025

**NOTE 6:** **DEFINED BENEFIT PENSION PLAN** (Continued)

**Actuarial assumptions** (Continued)

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

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 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 increases, including wage inflation: 4.00%-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.

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. Note that in all categories, displayed as follows, the mortality tables are generationally projected using the 2024 adjusted MP-2021 projection scale.

OURAY COUNTY SCHOOL DISTRICT NO. R-2  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2025

**NOTE 6: DEFINED BENEFIT PENSION PLAN** (Continued)

**Actuarial assumptions** (Continued)

	<b>Mortality Table</b>	<b>Adjustments, as Applicable</b>
Pre-Retirement	PubT-2010 Employee	N/A
Post-Retirement (Retiree), Non-Disabled	PubT-2010 Healthy Retiree	<b>Males:</b> 106% of the rates for all ages <b>Females:</b> 86% of the rates prior to age 85/ 115% of the rates age 85 and older
Post-Retirement (Beneficiary), Non-Disabled	Pub-2010 Contingent Survivor	<b>Males:</b> 92% of the rates for all ages <b>Females:</b> 100% of the rates for all ages
Disabled	PubNS-2010 Disabled Retiree	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 weighting the expected future real rates of return by the target asset allocation percentages and then adding expected inflation.

The PERA Board first adopted the 7.25% long-term expected rate of return as of November 18, 2016. Following an asset/liability study, the Board reaffirmed the assumed rate of return at the 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:

OURAY COUNTY SCHOOL DISTRICT NO. R-2  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2025

**NOTE 6: DEFINED BENEFIT PENSION PLAN** (Continued)

**Actuarial assumptions** (Continued)

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%
<b>Total</b>	<b>100.00%</b>	

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

**Discount rate**

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

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00%.
- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the scheduled increases in SB 18-200 and required adjustments resulting from the 2018 and 2020 AAP assessments. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the scheduled increase in SB 18-200 and required adjustments resulting from the 2018 and 2020 AAP assessments. Employer contributions also include current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103%, at which point the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions reflect reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.

OURAY COUNTY SCHOOL DISTRICT NO. R-2  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2025

**NOTE 6: DEFINED BENEFIT PENSION PLAN** (Continued)

**Discount Rate** (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 State, School, Judicial, and DPS Division Trust Funds based upon the covered payroll of each Division. The annual direct distribution ceases when all Division Trust Funds are fully funded.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial FNP, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the FNP and the subsequent AIR benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the middle of the year.

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

**Sensitivity of the District’s proportionate share of the net pension liability to changes in the discount rate**

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension	\$10,571,002	\$7,797,057	\$5,473,490

OURAY COUNTY SCHOOL DISTRICT NO. R-2  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025

**NOTE 6:** **DEFINED BENEFIT PENSION PLAN** (Continued)

*Pension plan fiduciary net position.* Detailed information about the SCHDTF's FNP is available in PERA's ACFR which can be obtained at [www.copera.org/forms-resources/financial-reports-and-studies](http://www.copera.org/forms-resources/financial-reports-and-studies).

**Subsequent Events**

SB 25-310, enacted June 2, 2025, and effective immediately, allows PERA to accept a series of warrants from the State Treasurer totaling \$500 million (actual dollars) on or after July 1, 2025, and before October 1, 2025. These dollars are to be proportioned over time to replace reductions to 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.

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OURAY COUNTY SCHOOL DISTRICT NO. R-2  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025

**NOTE 7: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN**

**Summary of Significant Accounting Policies**

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

**General Information about the OPEB Plan**

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

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

OURAY COUNTY SCHOOL DISTRICT NO. R-2  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025

**NOTE 7: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN** (Continued)

**General Information about the OPEB Plan** (Continued)

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

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

*PERA Benefit Structure*

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

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

OURAY COUNTY SCHOOL DISTRICT NO. R-2  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025

**NOTE 7: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN** (Continued)

**General Information about the OPEB Plan** (Continued)

*DPS Benefit Structure*

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

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

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

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the District were \$37,343 for the year ended June 30, 2025.

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

At June 30, 2025, the District reported a liability of \$138,342 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2024, and the total OPEB liability (TOL) 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 TOL 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 2024 relative to the total contributions of participating employers to the HCTF.

OURAY COUNTY SCHOOL DISTRICT NO. R-2  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025

**NOTE 7: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN** (Continued)

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

At December 31, 2024, the District’s proportion was 0.029%, which was a decrease of 0.0007% from its proportion measured as of December 31, 2023.

For the year ended June 30, 2025, the District recognized OPEB expense of (\$21,859). At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$-	\$30,515
Changes of assumptions or other inputs	1,586	44,221
Net difference between projected and actual earnings on OPEB plan investments	469	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	3,802	15,498
Contributions subsequent to the measurement date	19,098	N/A
<b>Total</b>	<b>\$24,955</b>	<b>\$90,234</b>

\$19,098 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

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NOTES TO FINANCIAL STATEMENTS  
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**NOTE 7: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN** (Continued)

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

Year ended June 30,	
2026	(\$24,740)
2027	(\$17,013)
2028	(\$19,058)
2029	(\$11,171)
2030	(\$7,923)
Thereafter	(\$4,472)

**Actuarial assumptions**

The December 31, 2023, actuarial valuation used the following actuarial cost method and key actuarial assumptions and other inputs:

	School Division
Actuarial cost method	Entry age
Price inflation	2.30%
Real wage growth	0.70%
Wage inflation	3.00%
Salary increases, including wage inflation	3.40%-11.00%
Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Health care cost trend rates	
PERA benefit structure:	
Service-based premium subsidy	0.00%
PERACare Medicare plans	16.00% in 2024, then 6.75% in 2025, gradually decreasing to 4.50% in 2034
MAPD PPO #2	105.00% in 2024, then 8.55% in 2025, gradually decreasing to 4.50% in 2034
Medicare Part A premiums	3.50% in 2024, gradually increasing to 4.50% in 2033

OURAY COUNTY SCHOOL DISTRICT NO. R-2  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025

**NOTE 7: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN** (Continued)

**Actuarial assumptions** (Continued)

As of the December 31, 2024, measurement date, the FNP and related disclosure components for the HCTF reflect additional payments related to the disaffiliation of Tri-County Health Department (Tri-County Health) 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.

Each year the per capita health care costs are developed by plan option. As of the December 31, 2023, actuarial valuation, 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 were then applied to estimate individual retiree and spouse costs by age, gender, and health care cost trend. This approach applies for all members and is adjusted accordingly for those not eligible for premium-free Medicare Part A for the PERA benefit structure.

**Age-Related Morbidity Assumptions**

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

OURAY COUNTY SCHOOL DISTRICT NO. R-2  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2025

**NOTE 7: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN** (Continued)

**Actuarial assumptions** (Continued)

Sample Age	MAPD PPO #1 with Medicare Part A		MAPD PPO #2 with Medicare Part A		MAPD HMO (Kaiser) with Medicare Part A	
	Retiree/Spouse		Retiree/Spouse		Retiree/Spouse	
	Male	Female	Male	Female	Male	Female
65	\$1,710	\$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		MAPD PPO #2 without Medicare Part A		MAPD HMO (Kaiser) without Medicare Part A	
	Retiree/Spouse		Retiree/Spouse		Retiree/Spouse	
	Male	Female	Male	Female	Male	Female
65	\$6,536	\$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, discussed as follows.

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.

OURAY COUNTY SCHOOL DISTRICT NO. R-2  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2025

**NOTE 7: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN** (Continued)

**Actuarial assumptions** (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. PERACare Medicare plan rates are applied where members have no premium-free Part A and where those premiums are already exceeding the maximum subsidy. MAPD PPO #2 has a separate trend because the first year rates are still below the maximum subsidy and to reflect the estimated impact of the Inflation Reduction Act for that plan option.

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

Year	PERACare Medicare Plans <sup>1</sup>	MAPD PPO #21	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%

<sup>1</sup> Increase in 2024 trend rates due to the effect of the Inflation Reduction Act.

OURAY COUNTY SCHOOL DISTRICT NO. R-2  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2025

**NOTE 7: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN** (Continued)

**Actuarial assumptions** (Continued)

Mortality assumptions used in the December 31, 2023, valuation for the Division Trust Funds as shown in the following table, reflect generational mortality and were applied, as applicable, in the December 31, 2023, valuation for the HCTF, but developed using a headcount-weighted basis. Note that in all categories, displayed as follows, the mortality tables are generationally projected using scale MP-2019. Affiliated employers of the State, School, Local Government, and Judicial Divisions participate in the HCTF.

<b>Pre-Retirement</b>	<b>Mortality Table</b>	<b>Adjustments, as Applicable</b>
School Division	PubT-2010 Employee	N/A
<hr/>		
<b>Post-Retirement (Retiree), Non-Disabled</b>	<b>Mortality Table</b>	<b>Adjustments, as Applicable</b>
School Division	PubT-2010 Healthy Retiree	<b>Males:</b> 112% of the rates prior to age 80/ 94% of the rates age 80 and older <b>Females:</b> 83% of the rates prior to age 80/ 106% of the rates age 80 and older
<hr/>		
<b>Post-Retirement (Beneficiary), Non-Disabled</b>	<b>Mortality Table</b>	<b>Adjustments, as Applicable</b>
All Beneficiaries	Pub-2010 Contingent Survivor	<b>Males:</b> 97% of the rates for all ages <b>Females:</b> 105% of the rates for all ages
<hr/>		
<b>Disabled</b>	<b>Mortality Table</b>	<b>Adjustments, as Applicable</b>
Members	PubNS-2010 Disabled Retiree	99% of the rates for all ages
<hr/>		

OURAY COUNTY SCHOOL DISTRICT NO. R-2  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025

**NOTE 7: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN** (Continued)

**Actuarial assumptions** (Continued)

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

- Per capita health care costs in effect as of the December 31, 2023, valuation date for those PERACare enrollees under the PERA benefit structure who are expected to be age 65 and older and are not eligible for premium-free Medicare Part A benefits were updated to reflect costs for the 2024 plan year.
- The health care cost trend rates applicable to health care premiums were revised to reflect the 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 date based on an experience analysis of recent data.

The actuarial assumptions used in the December 31, 2023, valuations were based on the 2020 experience analysis, dated October 28, 2020, and November 4, 2020, for the period January 1, 2016, through December 31, 2019. Revised economic and demographic assumptions were adopted by PERA's Board on November 20, 2020.

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 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.

	School Division
Salary increases, including wage inflation:	
Members other than Safety Officers	4.00%-13.40%
Safety Officers	N/A

OURAY COUNTY SCHOOL DISTRICT NO. R-2  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2025

**NOTE 7: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN** (Continued)

**Actuarial assumptions** (Continued)

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

- 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. Note that in all categories, 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 State, School, Local Government, and Judicial Divisions participate in the HCTF.

OURAY COUNTY SCHOOL DISTRICT NO. R-2  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2025

**NOTE 7: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN** (Continued)

**Actuarial assumptions** (Continued)

<b>Pre-Retirement</b>	<b>Mortality Table</b>	<b>Adjustments, as Applicable</b>
School Division	PubT-2010 Employee	N/A
<b>Post-Retirement (Retiree), Non-Disabled</b>	<b>Mortality Table</b>	<b>Adjustments, as Applicable</b>
School Division	PubT-2010 Healthy Retiree	<b>Males:</b> 106% of the rates for all ages <b>Females:</b> 86% of the rates prior to age 85/ 115% of the rates age 85 and older
<b>Post-Retirement (Beneficiary), Non-Disabled</b>	<b>Mortality Table</b>	<b>Adjustments, as Applicable</b>
All Beneficiaries	Pub-2010 Contingent Survivor	<b>Males:</b> 92% of the rates for all ages <b>Females:</b> 100% of the rates for all ages
<b>Disabled</b>	<b>Mortality Table</b>	<b>Adjustments, as Applicable</b>
Members	PubNS-2010 Disabled Retiree	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’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 weighting the expected future real rates of return by the target asset allocation percentages and then adding expected inflation.

OURAY COUNTY SCHOOL DISTRICT NO. R-2  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2025

**NOTE 7: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN** (Continued)

**Actuarial assumptions** (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, the Board reaffirmed the assumed rate of return at the 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%
<b>Total</b>	<b>100.00%</b>	

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

**Sensitivity of the District's proportionate share of the net OPEB liability to changes in the Health Care Cost Trend Rates**

The following table 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:

OURAY COUNTY SCHOOL DISTRICT NO. R-2  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2025

**NOTE 7: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN** (Continued)

**Sensitivity of the School’s proportionate share of the net OPEB liability to changes in the Health Care Cost Trend Rates** (Continued)

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Initial PERACare Medicare trend rate <sup>1</sup>	5.75%	6.75%	7.75%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial MAPD PPO#2 trend rate <sup>1</sup>	7.55%	8.55%	9.55%
Ultimate MAPD PPO#2 trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate <sup>1</sup>	2.75%	3.75%	4.75%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability	\$134,615	\$138,342	\$142,560

<sup>1</sup>For the January 1, 2025, plan year.

**Discount rate**

The discount rate used to measure the TOL was 7.25%. The basis for the projection of liabilities and the FNP used to determine the discount rate was an actuarial valuation performed as of December 31, 2023, and the financial status of the HCTF as of the current measurement date (December 31, 2024). 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 3.00%.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.

OURAY COUNTY SCHOOL DISTRICT NO. R-2  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2025

**NOTE 7: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN** (Continued)

**Discount rate** (Continued)

- 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 the December 31, 2024, measurement date, the FNP and related disclosure components for the HCTF reflect additional payments related to the disaffiliation of Tri-County Health 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.

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

**Sensitivity of the District’s proportionate share of the net OPEB liability to changes in the discount rate**

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

	1% Decrease (6.25%)	Current Discount Rate	1% Increase (8.25%)
Proportionate share of the net OPEB liability	\$169,540	\$138,342	\$111,445

*OPEB plan fiduciary net position.* Detailed information about the HCTF’s FNP is available in PERA’s ACFR which can be obtained at [www.copera.org/forms-resources/financial-reports-and-studies](http://www.copera.org/forms-resources/financial-reports-and-studies).

OURAY COUNTY SCHOOL DISTRICT NO. R-2  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025

**NOTE 8: COMMITMENTS AND CONTINGENCIES**

**Telluride Foundation**

The Telluride Foundation (the “Foundation”) is a Colorado nonprofit organization that provides year-round support to local organizations involved in the environment, arts, education, athletics, health and human services and other community-based efforts. The Foundation makes grants to regional nonprofits and community groups as well as provide capacity building support to help strengthen their effectiveness.

During fiscal years 2024 and 2025, the District has partnered with the Foundation to help the District raise funding for the District’s capital project, the Cimarron Athletic Field. For the year ended June 30, 2025, the Telluride Foundation has raised and granted funds to the District totaling \$1,753,700.

**Claims and Judgments**

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

**Tabor Amendment**

In November 1992, Colorado voters passed an amendment to the State Constitution, Article X, Section 20 (the “Tabor Amendment”), which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local government.

The Tabor Amendment is complex and subject to judicial interpretations. The District believes it has complied with the Amendment.

The District has established a reserve, representing 3% of qualifying expenditures, as required by the Amendment. At June 30, 2025, the emergency reserve of \$227,000 was reported as a restriction of net position and fund balance in the Governmental Activities and General Fund, respectively.

OURAY COUNTY SCHOOL DISTRICT NO. R-2  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025

**NOTE 9: JOINT VENTURE**

The District is a member of the Uncompahgre Board of Cooperative Services (BOCS), a joint venture of several local school districts. The BOCS is governed by a board formed of one board member from each member district. The participants oversee budgeting and finance of the BOCS. Financial statements of the BOCS may be obtained from the BOCS administration offices at: PO Box 728, 1115 W Clinton St., Ridgway, CO 81432 or from their website: <http://www.unboces.org//>

**NOTE 10: RESTATEMENT OF BEGINNING BALANCES**

During the fiscal year ended June 30, 2025, the District's Fundraising Fund is required to be reported as a major fund on the District's financial statements. As a result, the beginning balances of the combining statement of revenues, expenditures, and changes in fund balances – non-major governmental funds were decreased by \$41,099 and the beginning fund balances of statement of revenues, expenditures, and changes in fund balances – governmental funds were increased by the same amount.

**REQUIRED SUPPLEMENTARY INFORMATION**

OURAY COUNTY SCHOOL DISTRICT NO. R-2

BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND

Year Ended June 30, 2025

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2024 ACTUAL
<b>REVENUES</b>					
<b>Local Sources</b>					
Property Taxes	\$ 4,985,185	\$ 4,763,027	\$ 4,857,813	\$ 94,786	\$ 4,417,566
Specific Ownership Taxes	230,000	239,561	357,437	117,876	342,577
Impact Fees	-	-	911	911	6,085
Tuition	363,891	365,638	403,505	37,867	368,008
Earnings on Investments	90,000	90,000	92,702	2,702	104,493
Ouray School District	-	-	-	-	-
All Other Local Revenue Codes	57,982	57,982	74,601	16,619	102,456
<b>Total Local Sources</b>	<b>5,727,058</b>	<b>5,516,208</b>	<b>5,786,969</b>	<b>270,761</b>	<b>5,341,185</b>
<b>State Sources</b>					
State Equalization	1,245,570	1,485,060	1,485,060	-	1,426,403
Transportation	48,240	42,213	45,244	3,031	53,136
Rural Schools Funding	143,720	-	-	-	125,825
PERA on Behalf Contribution	174,656	174,656	63,916	(110,740)	14,612
All Other State Revenue	20,116	14,035	14,200	165	21,409
<b>Total State Sources</b>	<b>1,632,302</b>	<b>1,715,964</b>	<b>1,608,420</b>	<b>(107,544)</b>	<b>1,641,385</b>
<b>TOTAL REVENUES</b>	<b>7,359,360</b>	<b>7,232,172</b>	<b>7,395,389</b>	<b>163,217</b>	<b>6,982,570</b>
<b>EXPENDITURES</b>					
<b>Instruction</b>					
Salaries	2,559,913	2,565,128	2,480,326	84,802	2,307,920
Employee Benefits	1,115,214	1,105,128	945,752	159,376	830,209
Purchased Services	313,500	314,516	277,436	37,080	262,719
Supplies and Materials	76,940	77,910	76,637	1,273	50,750
Property	13,100	13,100	6,307	6,793	11,306
Other Objects and Uses	4,500	4,500	49,371	(44,871)	4,258
<b>Total Instruction</b>	<b>4,083,167</b>	<b>4,080,282</b>	<b>3,835,829</b>	<b>244,453</b>	<b>3,467,162</b>

(Continued)

See the accompanying independent auditor's report.

OURAY COUNTY SCHOOL DISTRICT NO. R-2

BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND

Year Ended June 30, 2025

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2024 ACTUAL
EXPENDITURES (Continued)					
Supporting Services					
Students					
Salaries	240,427	241,334	232,464	8,870	211,506
Employee Benefits	89,445	89,728	79,277	10,451	76,635
Purchased Services	5,000	5,000	4,274	726	3,772
Supplies and Materials	2,700	2,700	2,579	121	2,240
Other Objects and Uses	5,065	5,065	5,740	(675)	5,931
Total Students	<u>342,637</u>	<u>343,827</u>	<u>324,334</u>	<u>19,493</u>	<u>300,084</u>
Instructional Staff					
Salaries	47,672	49,786	49,091	695	43,732
Employee Benefits	19,369	19,885	18,610	1,275	20,840
Purchased Services	17,800	21,510	9,829	11,681	12,360
Supplies and Materials	8,600	8,600	5,941	2,659	5,912
Property	650	650	-	650	526
Other Objects and Uses	100	100	-	100	-
Total Instructional Staff	<u>94,191</u>	<u>100,531</u>	<u>83,471</u>	<u>17,060</u>	<u>83,370</u>
General Administration					
Salaries	253,658	266,658	228,941	37,717	219,621
Employee Benefits	73,231	73,231	72,071	1,160	68,714
Purchased Services	74,600	74,600	25,713	48,887	39,941
Supplies and Materials	6,200	7,700	5,569	2,131	4,940
Property	20,511	20,511	21,236	(725)	19,597
Other Objects and Uses	10,700	15,503	15,477	26	8,258
Total General Administration	<u>438,900</u>	<u>458,203</u>	<u>369,007</u>	<u>89,196</u>	<u>361,071</u>
School Administration					
Salaries	283,087	288,143	251,489	36,654	256,561
Employee Benefits	133,463	134,721	114,513	20,208	111,888
Purchased Services	4,500	4,500	1,357	3,143	3,035
Supplies and Materials	12,500	12,680	11,112	1,568	12,891
Property	3,000	3,000	2,004	996	973
Other Objects and Uses	2,500	2,500	600	1,900	930
Total School Administration	<u>439,050</u>	<u>445,544</u>	<u>381,075</u>	<u>64,469</u>	<u>386,278</u>

(Continued)

See the accompanying independent auditor's report.

OURAY COUNTY SCHOOL DISTRICT NO. R-2

BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND

Year Ended June 30, 2025

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2024 ACTUAL
EXPENDITURES (Continued)					
Supporting Services (Continued)					
Business Services					
Salaries	49,458	47,458	49,458	(2,000)	45,139
Employee Benefits	17,896	17,896	17,179	717	15,822
Purchased Services	93,200	90,200	84,679	5,521	97,304
Supplies and Materials	1,500	1,500	-	1,500	369
Other Objects and Uses	220	220	-	220	-
Total Business Services	<u>162,274</u>	<u>157,274</u>	<u>151,316</u>	<u>5,958</u>	<u>158,634</u>
Operations and Maintenance					
Salaries	164,731	177,551	160,311	17,240	129,665
Employee Benefits	69,870	72,682	68,563	4,119	52,163
Purchased Services	302,718	295,421	244,802	50,619	237,311
Supplies and Materials	207,784	207,784	156,179	51,605	175,510
Property	9,200	13,200	5,163	8,037	20,595
Total Operations and Maintenance	<u>754,303</u>	<u>766,638</u>	<u>635,018</u>	<u>131,620</u>	<u>615,244</u>
Student Transportation					
Salaries	119,499	119,606	133,674	(14,068)	119,008
Employee Benefits	43,254	43,254	47,088	(3,834)	45,477
Purchased Services	70,400	70,425	54,113	16,312	71,711
Supplies and Materials	29,000	29,000	21,441	7,559	22,103
Total Student Transportation	<u>262,153</u>	<u>262,285</u>	<u>256,316</u>	<u>5,969</u>	<u>258,299</u>
Central Support					
Salaries	164,670	165,449	160,026	5,423	160,480
Employee Benefits	62,515	62,895	59,734	3,161	56,907
Purchased Services	201,874	214,580	216,560	(1,980)	161,893
Supplies	41,287	41,286	33,052	8,234	36,092
Property	5,800	5,800	7,103	(1,303)	12,816
Total Central Support	<u>476,146</u>	<u>490,010</u>	<u>476,475</u>	<u>13,535</u>	<u>428,188</u>

(Continued)

See the accompanying independent auditor's report.

OURAY COUNTY SCHOOL DISTRICT NO. R-2

BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND

Year Ended June 30, 2025

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2024 ACTUAL
Total Supporting Services	2,969,654	3,024,312	2,677,012	347,300	2,591,168
RESERVES					
Appropriated Reserves	3,978,780	3,493,800	-	3,493,800	-
Emergency Reserves	211,585	218,793	-	218,793	-
TOTAL RESERVES	4,190,365	3,712,593	-	3,712,593	-
TOTAL EXPENDITURES	11,243,186	10,817,187	6,512,841	4,304,346	6,058,330
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(3,883,826)	(3,585,015)	882,548	4,467,563	924,240
OTHER FINANCING SOURCES (USES)					
Transfers In	-	-	202,712	202,712	182,771
Transfers (Out)	(164,556)	(188,505)	(388,634)	(200,129)	(828,077)
TOTAL OTHER FINANCING SOURCES (USES)	(164,556)	(188,505)	(185,922)	2,583	(645,306)
CHANGE IN FUND BALANCE	(4,048,382)	(3,773,520)	696,626	4,470,146	278,934
FUND BALANCES, Beginning	4,048,372	4,048,372	4,048,372	-	3,769,438
FUND BALANCES, Ending	\$ (10)	\$ 274,852	\$ 4,744,998	\$ 4,470,146	\$ 4,048,372

See the accompanying independent auditor's report.

OURAY COUNTY SCHOOL DISTRICT NO. R-2

BUDGETARY COMPARISON SCHEDULE  
FUNDRAISING FUND

Year Ended June 30, 2025

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2024 ACTUAL
<b>REVENUES</b>					
Local Sources					
Donations	\$ 40,000	\$ 2,000,000	\$ 1,754,200	\$ (245,800)	\$ 41,099
Earnings on Investments	-	2,000	5,410	3,410	-
State Sources					
State Grants	-	1,000,000	645,216	(354,784)	-
<b>TOTAL REVENUES</b>	<b>40,000</b>	<b>3,002,000</b>	<b>2,404,826</b>	<b>(597,174)</b>	<b>41,099</b>
<b>EXPENDITURES</b>					
Supporting Services					
Purchased Services	-	3,000,000	2,104,070	895,930	-
Supplies	-	1,975	-	1,975	-
Other Objects and Uses	-	25	1,201	(1,176)	-
<b>TOTAL EXPENDITURES</b>	<b>-</b>	<b>3,002,000</b>	<b>2,105,271</b>	<b>896,729</b>	<b>-</b>
<b>CHANGE IN FUND BALANCE</b>	<b>40,000</b>	<b>-</b>	<b>299,555</b>	<b>299,555</b>	<b>41,099</b>
FUND BALANCE, Beginning	-	-	41,099	41,099	-
<b>FUND BALANCE, Ending</b>	<b>\$ 40,000</b>	<b>\$ -</b>	<b>\$ 340,654</b>	<b>\$ 340,654</b>	<b>\$ 41,099</b>

See the accompanying independent auditor's report.

OURAY COUNTY SCHOOL DISTRICT NO. R-2

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
PERA SCHOOL DIVISION TRUST FUND PLAN

Years Ended December 31,

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Proportion of the Net Pension Liability (Asset)	0.0452%	0.0495%	0.0386%	0.0456%	0.0543%	0.0471%	0.0489%	0.0544%	0.0569%	0.0552%
Proportionate Share of the Net Pension Liability (Asset)	\$ 7,797,057	\$ 8,746,611	\$ 7,028,470	\$ 5,311,443	\$ 8,202,833	\$ 7,041,206	\$ 8,670,801	\$ 17,596,600	\$ 16,927,884	\$ 8,450,258
State of Colorado Proportionate Share of the Net Pension Liability (Asset)	700,299	191,787	2,048,167	546,267	-	792,561	1,042,996	-	-	-
Total Proportionate Share of the Net Pension Liability (Asset)	\$ 8,497,356	\$ 8,938,398	\$ 9,076,637	\$ 5,857,710	\$ 8,202,833	\$ 7,833,767	\$ 9,713,797	\$ 17,596,600	\$ 16,927,884	\$ 8,450,258
Covered payroll	\$ 3,491,846	\$ 3,269,898	\$ 2,968,516	\$ 2,842,847	\$ 2,895,077	\$ 2,808,005	\$ 2,649,145	\$ 2,508,483	\$ 2,551,745	\$ 2,417,128
Proportionate Share of the Net Pension Liability as a Percentage Of its Covered Payroll	223.3%	267.5%	236.8%	186.8%	283.3%	250.75%	327.31%	701.48%	663.38%	349.60%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	67.17%	64.74%	61.79%	74.86%	66.99%	64.52%	57.01%	43.96%	43.10%	59.20%

See the accompanying independent auditor's report.

OURAY COUNTY SCHOOL DISTRICT NO. R-2

SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS  
PERA SCHOOL DIVISION TRUST FUND PLAN

Years Ended June 30,

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually Required Contributions	\$ 746,127	\$ 681,535	\$ 649,423	\$ 567,064	\$ 565,948	\$ 514,011	\$ 493,988	\$ 458,579	\$ 445,890	\$ 395,575
Contributions in Relation to the Contractually Required Contributions	746,127	681,535	649,423	567,064	565,948	514,011	493,988	458,579	445,890	395,575
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 3,661,072	\$ 3,344,119	\$ 3,186,569	\$ 2,849,016	\$ 2,846,820	\$ 2,686,932	\$ 2,615,436	\$ 2,495,209	\$ 2,513,222	\$ 2,352,454
Contributions as a Percentage of Covered Payroll	20.38%	20.38%	20.38%	19.90%	19.88%	19.13%	18.89%	18.38%	17.74%	16.82%

See the accompanying independent auditor's report.

OURAY COUNTY SCHOOL DISTRICT NO. R-2

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY  
PERA HEALTH CARE TRUST FUND PLAN

Years Ended December 31,

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Proportion of the Net OPEB Liability (Asset)	0.0289%	0.0296%	0.0293%	0.0300%	0.0312%	0.0308%	0.0318%	0.0309%
Proportionate Share of the Net OPEB Liability (Asset)	<u>\$ 138,342</u>	<u>\$ 211,196</u>	<u>\$ 238,846</u>	<u>\$ 256,969</u>	<u>\$ 298,251</u>	<u>\$ 346,157</u>	<u>\$ 433,053</u>	<u>\$ 401,834</u>
Covered payroll	\$ 3,491,846	\$ 3,269,898	\$ 2,968,516	\$ 2,842,847	\$ 2,895,077	\$ 2,808,005	\$ 2,649,145	\$ 2,508,483
Proportionate Share of the Net OPEB Liability As a Percentage of its Covered Payroll	4.0%	6.5%	8.0%	9.0%	10.3%	12.33%	16.35%	16.02%
Plan Fiduciary Net position as a Percentage Of the Total OPEB Liability	59.83%	46.16%	38.57%	39.40%	32.78%	24.49%	17.03%	17.53%

NOTE: Information for the prior two years was not available for this report.

See the accompanying independent auditor's report.

OURAY COUNTY SCHOOL DISTRICT NO. R-2

SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS  
PERA HEALTH CARE TRUST FUND PLAN

Years Ended June 30,

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually Required Contributions	\$ 37,343	\$ 34,110	\$ 32,503	\$ 29,095	\$ 29,038	\$ 29,570	\$ 27,407	\$ 26,677
Contributions in Relation to the Contractually Required Contributions	<u>37,343</u>	<u>34,110</u>	<u>32,503</u>	<u>29,095</u>	<u>29,038</u>	<u>29,570</u>	<u>27,407</u>	<u>26,677</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 3,661,072	\$ 3,344,119	\$ 3,186,569	\$ 2,846,016	\$ 2,846,820	\$ 2,899,050	\$ 2,686,932	\$ 2,615,436
Contributions as a Percentage of Covered Payroll	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%

NOTE: Information for the prior two years was not available for this report.

See the accompanying independent auditor's report.

OURAY COUNTY SCHOOL DISTRICT NO. R-2  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2025

**NOTE 1: BUDGETS AND BUDGETARY ACCOUNTING**

A budget is adopted in accordance with State Budget Law on each fund's basis of accounting unless otherwise indicated.

Budgets are adopted in accordance with State Budget Law on each fund's basis of accounting unless indicated otherwise. All appropriations lapse at fiscal year-end.

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

- Budgets are required by state law for all funds. By May 31, the Superintendent of the District 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. All budgets lapse at year end.
- Public hearings are conducted by the Board of Education to obtain taxpayer comments.
- Prior to June 30, the budget is adopted by formal resolution.
- Expenditures may not legally exceed appropriations at the fund level.
- The Board can modify the budget by line item at any time. Total appropriation can only be modified upon completion of notification and publication requirements.
- Budgeted amounts reported in the accompanying financial statements are as originally adopted or amended by the Board of Education.

**State Compliance**

At June 30, 2025, actual expenditures in the Grants Fund exceeded budgeted amounts by \$25,320. This may be a violation of state statute.

**NOTE 2: SIGNIFICANT CHANGES IN PLAN PROVISIONS AFFECTING TRENDS IN ACTUARIAL INFORMATION – PERA SCHOOL DIVISION TRUST FUND PLAN**

*2024 Changes in Assumptions or Other Inputs Since 2023:*

- 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.

OURAY COUNTY SCHOOL DISTRICT NO. R-2  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2025

**NOTE 2:**     **SIGNIFICANT CHANGES IN PLAN PROVISIONS AFFECTING TRENDS IN ACTUARIAL INFORMATION – PERA SCHOOL DIVISION TRUST FUND PLAN**

- 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%.

*2023 Changes in Plan Provisions Since 2022:*

- 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

**NOTE 3:**     **SIGNIFICANT CHANGES IN PLAN PROVISIONS AFFECTING TRENDS IN ACTUARIAL INFORMATION – PERA HEALTH CARE TRUST FUND PLAN**

*2024 Changes in Plan Provisions Since 2023:*

- As of the December 31, 2024, measurement date, the FNP 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.

OURAY COUNTY SCHOOL DISTRICT NO. R-2  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2025

**NOTE 3:** **SIGNIFICANT CHANGES IN PLAN PROVISIONS AFFECTING TRENDS IN ACTUARIAL INFORMATION – PERA HEALTH CARE TRUST FUND PLAN** (Continued)

*2023 Changes in Plan Provisions Since 2022:*

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

**NOTE 4:** **SIGNIFICANT CHANGES IN PLAN ASSUMPTIONS OR OTHER INPUTS AFFECTING TRENDS IN ACTUARIAL INFORMATION – PERA HEALTH CARE TRUST FUND PLAN**

*2024 Changes in Assumptions or Other Inputs Since 2023:*

- 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.

There were no changes made to the actuarial methods or assumptions in 2023.

**INDIVIDUAL FUND STATEMENTS AND SCHEDULES**

OURAY COUNTY SCHOOL DISTRICT NO. R-2

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS

June 30, 2025

	FOOD SERVICE FUND	STUDENT ACTIVITIES FUND	GRANTS FUND	CAPITAL PROJECTS FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS
<b>ASSETS</b>					
Cash and Investments	\$ 19,497	\$ 274,073	\$ -	\$ -	\$ 293,570
Due from Other Funds	-	32,516	-	59,434	91,950
Inventory	6,836	-	-	-	6,836
<b>TOTAL ASSETS</b>	<b>\$ 26,333</b>	<b>\$ 306,589</b>	<b>\$ -</b>	<b>\$ 59,434</b>	<b>\$ 392,356</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts Payable	\$ 5,807	\$ -	\$ -	\$ -	\$ 5,807
Accrued Salaries and Benefits	6,190	-	-	-	6,190
<b>TOTAL LIABILITIES</b>	<b>11,997</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11,997</b>
<b>FUND BALANCES</b>					
Nonspendable	6,836	-	-	-	6,836
Committed	-	-	-	59,434	59,434
Assigned	7,500	306,589	-	-	314,089
<b>TOTAL FUND BALANCES</b>	<b>14,336</b>	<b>306,589</b>	<b>-</b>	<b>59,434</b>	<b>380,359</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 26,333</b>	<b>\$ 306,589</b>	<b>\$ -</b>	<b>\$ 59,434</b>	<b>\$ 392,356</b>

See the accompanying independent auditor's report

OURAY COUNTY SCHOOL DISTRICT NO. R-2

COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS

Year Ended June 30, 2025

	FOOD SERVICE FUND	STUDENT ACTIVITIES FUND	GRANTS FUND	CAPITAL PROJECTS FUND	FUNDRAISING FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS
REVENUES						
Local Sources	\$ 7,285	\$ 306,376	\$ -	\$ -	\$ -	\$ 313,661
State Sources	108,314	-	-	-	-	108,314
Federal Sources	37,651	-	84,686	-	-	122,337
<b>TOTAL REVENUES</b>	<b>153,250</b>	<b>306,376</b>	<b>84,686</b>	<b>-</b>	<b>-</b>	<b>544,312</b>
EXPENDITURES						
Current						
Instruction	-	258,487	41,600	-	-	300,087
Supporting Services	246,555	-	-	3,633	-	250,188
Capital Outlay	3,631	-	43,086	367,001	-	413,718
<b>TOTAL EXPENDITURES</b>	<b>250,186</b>	<b>258,487</b>	<b>84,686</b>	<b>370,634</b>	<b>-</b>	<b>963,993</b>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(96,936)	47,889	-	(370,634)	-	(419,681)
OTHER FINANCING SOURCES (USES)						
Transfers In	85,000	2,999	-	300,635	-	388,634
Transfers Out	-	-	(19,862)	-	-	(19,862)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>85,000</b>	<b>2,999</b>	<b>(19,862)</b>	<b>300,635</b>	<b>-</b>	<b>368,772</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(11,936)</b>	<b>50,888</b>	<b>(19,862)</b>	<b>(69,999)</b>	<b>-</b>	<b>(50,909)</b>
FUND BALANCES, Beginning, as previously reported	26,272	255,701	19,862	129,433	41,099	472,367
Adjustment - change from nonmajor to major funds	-	-	-	-	(41,099)	(41,099)
FUND BALANCES, Beginning, as restated	26,272	255,701	19,862	129,433	-	431,268
<b>FUND BALANCES, Ending</b>	<b>\$ 14,336</b>	<b>\$ 306,589</b>	<b>\$ -</b>	<b>\$ 59,434</b>	<b>\$ -</b>	<b>\$ 380,359</b>

See the accompanying independent auditor's report

OURAY COUNTY SCHOOL DISTRICT NO. R-2

BUDGETARY COMPARISON SCHEDULE  
FOOD SERVICE FUND

Year Ended June 30, 2025

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2024 ACTUAL
<b>REVENUES</b>					
Local Sources					
Charges for Services	\$ 5,060	\$ 5,430	\$ 7,285	\$ 1,855	\$ 5,624
State and Federal Sources					
Commodities	37,257	37,788	37,651	(137)	30,093
Supply Chain Assistance	-	-	-	-	8,553
State Match	400	929	929	-	539
Other Federal Sources	800	800	-	(800)	800
Other State Sources	82,726	111,987	107,385	(4,602)	84,452
<b>TOTAL REVENUES</b>	<b>126,243</b>	<b>156,934</b>	<b>153,250</b>	<b>(3,684)</b>	<b>130,061</b>
<b>EXPENDITURES</b>					
Supporting Services					
Salaries	112,298	119,743	117,006	2,737	83,275
Employee Benefits	48,051	49,120	53,447	(4,327)	34,003
Purchased Services	-	-	-	-	124
Food Supplies	76,800	85,246	70,596	14,650	64,400
Non Food Supplies	3,500	10,239	5,506	4,733	1,677
Property	3,000	3,520	3,631	(111)	3,112
Appropriated Reserve	26,272	338	-	338	-
<b>TOTAL EXPENDITURES</b>	<b>269,921</b>	<b>268,206</b>	<b>250,186</b>	<b>18,020</b>	<b>186,591</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(143,678)</b>	<b>(111,272)</b>	<b>(96,936)</b>	<b>14,336</b>	<b>(56,530)</b>
<b>OTHER FINANCING SOURCES</b>					
Transfer In	117,406	85,000	85,000	-	13,336
<b>CHANGE IN FUND BALANCE</b>	<b>(26,272)</b>	<b>(26,272)</b>	<b>(11,936)</b>	<b>14,336</b>	<b>(43,194)</b>
<b>FUND BALANCES, Beginning</b>	<b>26,272</b>	<b>26,272</b>	<b>26,272</b>	<b>-</b>	<b>69,466</b>
<b>FUND BALANCES, Ending</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 14,336</b>	<b>\$ 14,336</b>	<b>\$ 26,272</b>

See the accompanying independent auditor's report.

OURAY COUNTY SCHOOL DISTRICT NO. R-2

BUDGETARY COMPARISON SCHEDULE  
STUDENT ACTIVITIES FUND

Year Ended June 30, 2025

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2024 ACTUAL
REVENUES					
Local Sources					
Other	\$ 250,000	\$ 250,000	\$ 306,376	\$ 56,376	\$ 203,070
TOTAL REVENUES	250,000	250,000	306,376	56,376	203,070
EXPENDITURES					
Instruction					
Supplies and Materials	250,000	250,000	258,487	(8,487)	201,980
Appropriated Reserves	255,701	206,741	-	206,741	-
TOTAL EXPENDITURES	505,701	456,741	258,487	198,254	201,980
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(255,701)	(206,741)	47,889	254,630	1,090
OTHER FINANCING SOURCES					
Transfer In	-	(47,870)	2,999	50,869	-
CHANGE IN FUND BALANCE	(255,701)	(254,611)	50,888	305,499	1,090
FUND BALANCE, Beginning	255,701	254,611	255,701	1,090	254,611
FUND BALANCE, Ending	\$ -	\$ -	\$ 306,589	\$ 306,589	\$ 255,701

See the accompanying independent auditor's report.

OURAY COUNTY SCHOOL DISTRICT NO. R-2

BUDGETARY COMPARISON SCHEDULE  
GRANTS FUND

Year Ended June 30, 2025

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2024 ACTUAL
<b>REVENUES</b>					
Federal Sources					
Federal Grants	\$ 85,105	\$ 79,228	\$ 84,686	\$ 5,458	\$ 84,538
<b>TOTAL REVENUES</b>	<b>85,105</b>	<b>79,228</b>	<b>84,686</b>	<b>5,458</b>	<b>84,538</b>
<b>EXPENDITURES</b>					
Instruction					
Salaries	41,242	35,365	33,867	1,498	34,293
Employee Benefits	774	774	7,733	(6,959)	7,794
Supplies and Materials	-	-	-	-	5,242
<b>Total Instruction</b>	<b>42,016</b>	<b>36,139</b>	<b>41,600</b>	<b>(5,461)</b>	<b>47,329</b>
Supporting Services					
Property	43,089	43,089	43,086	3	37,209
Appropriated Reserves	19,862	-	-	-	-
<b>Total Supporting Services</b>	<b>62,951</b>	<b>43,089</b>	<b>43,086</b>	<b>3</b>	<b>37,209</b>
<b>TOTAL EXPENDITURES</b>	<b>104,967</b>	<b>79,228</b>	<b>84,686</b>	<b>(5,458)</b>	<b>84,538</b>
<b>EXCESS OF REVENUES OVER     (UNDER) EXPENDITURES</b>	<b>(19,862)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>OTHER FINANCING USES</b>					
Transfers	-	-	(19,862)	(19,862)	-
<b>CHANGE IN FUND BALANCE</b>	<b>(19,862)</b>	<b>-</b>	<b>(19,862)</b>	<b>(19,862)</b>	<b>-</b>
FUND BALANCES, Beginning	19,862	-	19,862	19,862	19,862
FUND BALANCES, Ending	\$ -	\$ -	\$ -	\$ -	\$ 19,862

See the accompanying independent auditor's report.

OURAY COUNTY SCHOOL DISTRICT NO. R-2

BUDGETARY COMPARISON SCHEDULE  
CAPITAL PROJECTS FUND

Year Ended June 30, 2025

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2024 ACTUAL
REVENUES					
Local Sources					
Other	\$ 230,000	\$ 160,000	\$ -	\$ (160,000)	\$ -
TOTAL REVENUES	230,000	160,000	-	(160,000)	-
EXPENDITURES					
Supporting Services					
Supplies and Materials	8,500	8,500	3,633	4,867	-
Property	221,500	362,135	367,001	(4,866)	742,256
Appropriated Reserves	230,000	59,433	-	59,433	-
TOTAL EXPENDITURES	460,000	430,068	370,634	59,434	742,256
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(230,000)	(270,068)	(370,634)	(100,566)	(742,256)
OTHER FINANCING SOURCES (USES)					
Transfers In	230,000	140,635	300,635	160,000	814,741
CHANGE IN FUND BALANCE	-	(129,433)	(69,999)	59,434	72,485
FUND BALANCE, Beginning	56,948	129,433	129,433	-	56,948
FUND BALANCE, Ending	\$ 56,948	\$ -	\$ 59,434	\$ 59,434	\$ 129,433

See the accompanying independent auditor's report.

OURAY COUNTY SCHOOL DISTRICT NO. R-2

BUDGETARY COMPARISON SCHEDULE  
BOND REDEMPTION DEBT SERVICE FUND

Year Ended June 30, 2025

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2024 ACTUAL
<b>REVENUES</b>					
Local Sources					
Property Taxes	\$ 992,000	\$ 423,435	\$ 1,080,114	656,679	\$ 1,194,433
Specific Ownership Taxes	-	-	89,306	89,306	96,510
Impact Fees	-	-	204	204	1,647
Earnings on Investments	155,000	82,300	88,547	6,247	91,592
<b>TOTAL REVENUES</b>	<b>1,147,000</b>	<b>505,735</b>	<b>1,258,171</b>	<b>752,436</b>	<b>1,384,182</b>
<b>EXPENDITURES</b>					
Supporting Services					
Other	150	150	2	148	1,701
Debt Service					
Principal	450,000	450,000	450,000	-	735,000
Interest	514,000	514,000	514,000	-	536,688
Appropriated Reserves	2,161,129	1,703,011	-	1,703,011	-
<b>TOTAL EXPENDITURES</b>	<b>3,125,279</b>	<b>2,667,161</b>	<b>964,002</b>	<b>1,703,159</b>	<b>1,273,389</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(1,978,279)</b>	<b>(2,161,426)</b>	<b>294,169</b>	<b>2,455,595</b>	<b>110,793</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfer Out	(182,850)	-	(182,850)	(182,850)	(182,771)
<b>CHANGE IN FUND BALANCE</b>	<b>(2,161,129)</b>	<b>(2,161,426)</b>	<b>111,319</b>	<b>2,272,745</b>	<b>(71,978)</b>
FUND BALANCE, Beginning	2,161,129	2,161,426	2,161,129	(297)	2,233,107
FUND BALANCE, Ending	\$ -	\$ -	\$ 2,272,448	2,272,448	\$ 2,161,129

See the accompanying independent auditor's report.

OURAY COUNTY SCHOOL DISTRICT NO. R-2

BUDGETARY COMPARISON SCHEDULE  
BUILDING FUND

Year Ended June 30, 2025

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2024 ACTUAL
<b>REVENUES</b>					
Local Sources					
Earnings on Investments	\$ 200,000	\$ 200,000	\$ 221,790	\$ 21,790	\$ 266,973
State Sources					
State Grants	3,666,786	305,739	306,059	320	1,564,867
<b>TOTAL REVENUES</b>	<b>3,866,786</b>	<b>505,739</b>	<b>527,849</b>	<b>22,110</b>	<b>1,831,840</b>
<b>EXPENDITURES</b>					
Supporting Services					
Purchased Services	-	-	-	-	423,243
Property	3,866,786	4,203,426	1,138,275	3,065,151	4,175,689
<b>TOTAL EXPENDITURES</b>	<b>3,866,786</b>	<b>4,203,426</b>	<b>1,138,275</b>	<b>3,065,151</b>	<b>4,598,932</b>
<b>CHANGE IN FUND BALANCE</b>	<b>-</b>	<b>(3,697,687)</b>	<b>(610,426)</b>	<b>3,087,261</b>	<b>(2,767,092)</b>
FUND BALANCE, Beginning	3,866,785	3,697,687	4,702,678	1,004,991	7,469,770
FUND BALANCE, Ending	\$ 3,866,785	\$ -	\$ 4,092,252	\$ 4,092,252	\$ 4,702,678

See the accompanying independent auditor's report.

## **COMPLIANCE**



Colorado Department of Education

Auditors Integrity Report

District: 2590 - Ridgway R-2

Fiscal Year 2024-25

Colorado School District/BOCES

Revenues, Expenditures, & Fund Balance by Fund

Fund Type & Number	Beg Fund Balance & Prior Per Adj (6880*)	1000 - 5999 Total Revenues & Other Sources	0001-0999 Total Expenditures & Other Uses	6700-6799 & Prior Per Adj (6880*) Ending Fund Balance
<b>Governmental</b>	+		-	=
10 General Fund	4,048,372	7,209,467	6,512,841	4,744,998
18 Risk Mgmt Sub-Fund of General Fund	0	0	0	0
19 Colorado Preschool Program Fund	0	0	0	0
<b>Sub- Total</b>	<b>4,048,372</b>	<b>7,209,467</b>	<b>6,512,841</b>	<b>4,744,998</b>
11 Charter School Fund	0	0	0	0
20,26-29 Special Revenue Fund	41,099	2,404,826	2,105,271	340,654
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	26,273	238,251	250,187	14,337
22 Govt Designated-Purpose Grants Fund	19,862	64,824	84,686	0
23 Pupil Activity Special Revenue Fund	255,701	309,375	258,487	306,589
25 Transportation Fund	0	0	0	0
31 Bond Redemption Fund	2,161,129	1,075,321	964,002	2,272,448
39 Certificate of Participation (COP) Debt Service Fund	0	0	0	0
41 Building Fund	4,702,677	527,849	1,138,275	4,092,251
42 Special Building Fund	0	0	0	0
43 Capital Reserve Capital Projects Fund	129,433	300,635	370,634	59,434
46 Supplemental Cap Const, Tech, Main Fund	0	0	0	0
<b>Totals</b>	<b>11,384,546</b>	<b>12,130,548</b>	<b>11,684,383</b>	<b>11,830,711</b>
<b>Proprietary</b>				
50 Other Enterprise Funds	0	0	0	0
64 (63) Risk-Related Activity Fund	0	0	0	0
60,65-69 Other Internal Service Funds	0	0	0	0
<b>Totals</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Fiduciary</b>				
70 Other Trust and Agency Funds	0	0	0	0
72 Private Purpose Trust Fund	0	0	0	0
73 Agency Fund	0	0	0	0
74 Pupil Activity Agency Fund	0	0	0	0
79 GASB 34:Permanent Fund	0	0	0	0
85 Foundations	0	0	0	0
<b>Totals</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

FINAL