

**PAGOSA PEAK OPEN SCHOOL
PAGOSA SPRINGS, COLORADO**

**FINANCIAL STATEMENTS
June 30, 2025**



Wall,
Smith,
Bateman Inc.
Certified Public Accountants

PAGOSA PEAK OPEN SCHOOL

TABLE OF CONTENTS

June 30, 2025

	<u>Page</u>
Independent Auditors' Report	1
Management's Discussion and Analysis	M1
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	4
Statement of Activities	5
Governmental Funds Financial Statements:	
Balance Sheet	6
Reconciliation of Total Governmental Fund Balances to the Statement of Net Position	7
Statement of Revenues, Expenditures, and Changes in Fund Balances	8
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of the Governmental Funds to the Statement of Activities	9
Proprietary Fund Financial Statements:	
Statement of Net Position	10
Statement of Revenues, Expenses, and Changes in Net Position	11
Statement of Cash Flows	12
Notes to the Basic Financial Statements	13
Required Supplementary Information	
Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual:	
General Fund	40
Designated Grants Fund	41
Schedule of the School's Proportionate Share of the Net Pension Liability - PERA SCHDTF Pension Plan	42
Schedule of the School's Contributions - PERA SCHDTF Pension Plan	43
Schedule of the School's Proportionate Share of the Net OPEB Liability- PERA Healthcare Trust Fund	44
Schedule of the School's Contributions - PERA Healthcare Trust Fund	45
Notes to the Required Supplementary Information	46
Supplementary Information	
Governmental Nonmajor Funds	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual Activity Fund	52

INDEPENDENT AUDITORS' REPORT



Wall,
Smith,
Bateman Inc.

To the Board of Directors
Pagosa Peak Open School
Pagosa Springs, Colorado

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Pagosa Peak Open School (the School) as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 School's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' 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 auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material

Certified Public Accountants

3001 Adcock Circle PO Box 809 Alamosa, CO 81101 | 719-589-3619 | f 719-589-5492 | www.wsbcpa.com

misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School's basic financial statements. The nonmajor budgetary comparison schedule is presented for purposes of additional analysis and is not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the nonmajor budgetary comparison schedule is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Wall, Smith, Bateman Inc.

Wall, Smith, Bateman Inc.
Alamosa, Colorado

November 05, 2025

**Pagosa Peak Open School
Management Discussion and Analysis
For the Fiscal Year Ended June 30, 2025**

As management of Pagosa Peak Open School (PPOS or the School), we offer readers of Pagosa Peak Open School's financial statements our narrative overview and analysis of the financial activities of the School for the fiscal year ended June 30, 2025.

Financial Highlights

The year ended June 30, 2025 is the eighth year of operations for PPOS. As of June 30, 2025, net position increased by \$286,842 to \$1,335,006. This balance includes the result of the implementation of regulations under the Governmental Accounting Standards Board Statement (GASB) Numbers 68 and 75. Further information about GASB 68 and 75 is provided in Notes 10 and 11 of the financial statements.

The operations of the School are funded primarily by tax revenue received under the Colorado School Finance Act in Per Pupil Revenue. Such revenue for the year was \$1,293,461. At the close of the fiscal year, Pagosa Peak Open School's governmental funds reported an ending fund balance of \$535,591, an increase of \$72,417 from the prior year.

Overview of Financial Statements

This discussion and analysis are intended to serve as an introduction to the School's basic financial statements. The School's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

Government-Wide Financial Statements

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

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

The statement of activities presents information showing how the School'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. uncollected grant expenses and earned but unpaid salary and benefits).

The government-wide statement of activities distinguishes functions/programs of the School supported primarily by Per Pupil Revenue or other revenues passed through from the authorizer (Archuleta School District 50JT). The governmental activities of the School include instruction and supporting services.

**Pagosa Peak Open School
Management Discussion and Analysis
For the Fiscal Year Ended June 30, 2025**

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 School, like other governmental units or schools, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The School has three 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 the School's near-term financing requirements.

Because the focus of 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 long-term impact of the School'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 School adopts annually appropriated budgets for the governmental funds. Budgetary comparison schedules have been provided herein.

Proprietary Funds. The School also maintains a proprietary fund to record the activity of the Pagosa Peak Open School Building Corporation (the Corporation). The Corporation was formed to provide a mechanism to hold title to real and/or personal property for use by the School.

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. This information is provided on pages 13-39.

**Pagosa Peak Open School
Management Discussion and Analysis
For the Fiscal Year Ended June 30, 2025**

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of the School's financial position. In the case of Pagosa Peak Open School, assets and deferred outflows exceeded liabilities and deferred inflows resulting in a net position of \$1,335,006 in FY 2024-2025. Again, the net position includes amounts directly related to the Pension Plan and the Defined Benefit Other Post Employment Benefit (OPEB) liabilities reporting requirements under GASB 68 and 75. Of the School's total net position, \$60,000 is restricted to comply with Article X, Section 20 of the Colorado Constitution, known as the TABOR Amendment, and \$2,597,821 is invested in capital assets. Accordingly, these funds are not available to satisfy the School's general operating expenses.

**Pagosa Peak Open School
Management Discussion and Analysis
For the Fiscal Year Ended June 30, 2025**

**Pagosa Peak Open School's Net Position
Governmental Activities**

	<u>June 30, 2025</u>	<u>June 30, 2024</u>
ASSETS		
Cash and Investments	\$ 960,018	\$ 351,609
Restricted Cash	57,194	604,371
Intergovernmental Receivable	21,539	317,197
Lease Receivable	-	20,759
Prepaid Expenses	87,132	-
Capital Assets, Not Depreciated	987,925	728,385
Capital Assets, Net of Accum Depreciation	4,334,604	4,467,043
Total Assets	6,448,412	6,489,364
DEFERRED OUTFLOWS OF RESOURCES		
Related to Pensions	526,909	873,681
Related to OPEB	18,604	30,106
Total Deferred Outflows of Resources	545,513	903,787
LIABILITIES		
Accounts Payable	21,497	24,384
Unearned Revenue	488,284	733,115
Noncurrent Liabilities		
Due in One Year	62,947	61,524
Due in More than One Year	2,661,761	2,724,708
Net Pension Liability	1,967,346	2,603,154
Net OPEB Liability	34,906	62,855
Total Liabilities	5,236,741	6,209,740
DEFERRED INFLOWS OF RESOURCES		
Related to Pensions	391,725	94,940
Related to OPEB	30,453	19,548
Related to Leases	-	20,759
Total Deferred Inflows of Resources	422,178	135,247
NET POSITION		
Net Investment in Capital Assets	2,597,821	2,409,196
Restricted for Emergencies	60,000	49,000
Unrestricted	(1,322,815)	(1,410,032)
Total Net Position	\$ 1,335,006	\$ 1,048,164

The largest portion of the School's assets is in capital assets, at 83% of total assets in 2025.

**Pagosa Peak Open School
Management Discussion and Analysis
For the Fiscal Year Ended June 30, 2025**

**Pagosa Peak Open School's Change in Net Position
Governmental Activities**

	<u>June 30, 2025</u>	<u>June 30, 2024</u>
Program Revenue:		
Charges for Services	\$ 122,713	\$ 48,828
Operating Grants and Contributions	621,823	517,700
Capital Grants and Contributions	-	70,279
Total Program Revenue	744,536	636,807
General Revenue:		
Per Pupil Revenue	1,293,461	1,151,238
District Mill Levy	118,171	110,359
Interest and Miscellaneous	28,325	36,863
Total General Revenue	1,439,957	1,298,460
Total Revenue	2,184,493	1,935,267
Expenses:		
Instruction	927,896	1,125,596
Supporting Services	535,288	595,210
Enterprise Operations	25,179	-
Operations and Maintenance of Plant Services	273,166	305,295
Food Services	136,122	131,811
Total Expenses	1,897,651	2,157,912
Increase/(Decrease) in Net Position	286,842	(222,645)
Net Position, Beginning	1,048,164	1,270,809
Net Position, Ending	\$ 1,335,006	\$ 1,048,164

The largest portion of the School's revenues came from Per Pupil Revenue – 59% in 2025.

Financial Analysis of the Government's Funds

As noted earlier, the School uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Governmental Funds. The focus of the School's governmental funds are to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in

**Pagosa Peak Open School
Management Discussion and Analysis
For the Fiscal Year Ended June 30, 2025**

assessing the School's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the School's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the School's General Fund reported an ending fund balance of \$523,781, an increase of \$72,681 from the prior year. As of the end of the current fiscal year, the Designated Grants Fund reported an ending fund balance of \$0, a decrease of \$264 from the prior year. As of the end of the current fiscal year, and the Activity Fund reported an ending fund balance of \$11,910, no change from the prior year.

General Fund Budgetary Highlights

The School approves a General Fund budget in May based on enrollment projections for the school year. In October, after enrollment stabilizes, adjustments are made to the budget. At year-end, the School had some variances between its final budgeted and actual activities. Overall, the School recognized \$477,182 less revenue than expected and spent \$541,658 less than planned, when compared to the final budget. One budget amendment was made during FY 2024-2025.

Right-to-Use Assets

The School has no right-to-use assets.

Other Capital Assets & Long-Term Debt

The School has invested in capital assets in the form of the School's land, construction in progress, buildings, building improvements, and equipment. Depreciation expenses for capital assets are booked under the instructional, food service, and transportation programs of the School's operations. More information regarding capital assets can be found in Note 4 to the financial statements.

The School has long-term debt in the form of a USDA loan and a Region 9 Economic Development District of Southwest Colorado, Inc. loan. Proceeds of the USDA loan were used to purchase the School's land and building, and to finance related building improvements. Proceeds of the second loan were used for matching funds to finance additional building improvements. More information regarding long-term debt may be found in Note 6 to the financial statements.

Economic Factors and Next Year's Budget

The primary factors driving the budget for Pagosa Peak Open School are student enrollment and Per Pupil Revenue. Enrollment for the 2024-2025 school year was 111.00 funded students. This information was analyzed as part of the 2025-2026 budget which is projecting a 128.00 funded student count.

**Pagosa Peak Open School
Management Discussion and Analysis
For the Fiscal Year Ended June 30, 2025**

Requests for Information

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

Pagosa Peak Open School
3133 Cornerstone Drive
Pagosa Springs, CO 81147

PAGOSA PEAK OPEN SCHOOL

BASIC FINANCIAL STATEMENTS

PAGOSA PEAK OPEN SCHOOL
STATEMENT OF NET POSITION
June 30, 2025

	Primary Government Governmental Activities
ASSETS	
Current Assets	
Cash	\$ 960,018
Restricted Cash	57,194
Intergovernmental Receivable	21,539
Prepaid Expenditures	87,132
Total Current Assets	1,125,883
Noncurrent Assets	
Capital Assets	
Land	715,000
Construction in Progress	272,925
Building	3,649,603
Equipment	124,024
Improvement	1,151,817
Less: Accumulated Depreciation	(590,840)
Total Noncurrent Assets	5,322,529
TOTAL ASSETS	6,448,412
DEFERRED OUTFLOWS OF RESOURCES	
Pension	526,909
OPEB	18,604
TOTAL DEFERRED OUTFLOWS OF RESOURCES	545,513
LIABILITIES	
Current Liabilities	
Accounts Payable	21,497
Unearned Grant Revenue	488,284
Note Payable	62,947
Total Current Liabilities	572,728
Noncurrent Liabilities	
Notes Payable	2,661,761
Net Pension Liability	1,967,346
Net OPEB Liability	34,906
Total Noncurrent Liabilities	4,664,013
TOTAL LIABILITIES	5,236,741
DEFERRED INFLOWS OF RESOURCES	
Pension	391,725
OPEB	30,453
DEFERRED INFLOWS OF RESOURCES	422,178
NET POSITION	
Net Investment in Capital Assets	2,597,821
Restricted for TABOR	60,000
Unrestricted	(1,322,815)
TOTAL NET POSITION	\$ 1,335,006

The accompanying notes are an integral part of this financial statement.

PAGOSA PEAK OPEN SCHOOL
STATEMENT OF ACTIVITIES
Fiscal Year Ended June 30, 2025

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Revenue and Changes in Net Position
					Primary Government
Primary Government					
Governmental Activities					
Instructional Program	\$ 927,896	\$ 9,299	\$ 112,095	\$ -	\$ (806,502)
Student Supporting Services	535,288	-	450,940	-	(84,348)
Enterprise Operations	25,179	23,033	-	-	(2,146)
Operations and Maintenance of Plant Services	273,166	90,381	-	-	(182,785)
Food Services	136,122	-	58,788	-	(77,334)
Total Governmental Activities	\$ 1,897,651	\$ 122,713	\$ 621,823	\$ -	(1,153,115)

General Revenues:

Per Pupil Revenue	1,293,461
District Mill Levy	118,171
Interest and Miscellaneous	28,325
Total General Revenues	1,439,957

Change in Net Position 286,842

Net Position, Beginning of Year 1,048,164

Net Position, End of Year \$ 1,335,006

The accompanying notes are an integral part of this financial statement.

PAGOSA PEAK OPEN SCHOOL
GOVERNMENTAL FUNDS
BALANCE SHEET
June 30, 2025

	GENERAL FUND	DESIGNATED GRANTS FUND	NONMAJOR FUND ACTIVITY FUND	TOTAL GOVERNMENTAL FUNDS
ASSETS				
Cash	\$ 924,891	\$ -	\$ 11,910	\$ 936,801
Intergovernmental Receivable	18,119	3,420	-	21,539
Due From Other Funds	3,420	-	-	3,420
Prepaid Expenditures	87,132	-	-	87,132
TOTAL ASSETS	\$ 1,033,562	\$ 3,420	\$ 11,910	\$ 1,048,892
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE				
LIABILITIES				
Accounts Payable	\$ 21,497	\$ -	\$ -	\$ 21,497
Due To Other Funds	-	3,420	-	3,420
Unearned Grant Revenue	488,284	-	-	488,284
TOTAL LIABILITIES	509,781	3,420	-	513,201
FUND BALANCE				
Nonspendable for:				
Prepaid Expenditures	87,132	-	-	87,132
Restricted for:				
TABOR 3% Reserve	60,000	-	-	60,000
Committed for:				
Grants	-	-	-	-
Assigned for:				
Student Activities	-	-	11,910	11,910
Unassigned	376,649	-	-	376,649
TOTAL FUND BALANCE	523,781	-	11,910	535,691
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	\$ 1,033,562	\$ 3,420	\$ 11,910	\$ 1,048,892

The accompanying notes are an integral part of this financial statement.

PAGOSA PEAK OPEN SCHOOL
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO THE STATEMENT OF NET POSITION
June 30, 2025

Total governmental fund balances	\$ 535,691
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental funds are not financial resources and therefore are not reported in the funds.	1,419,666
Deferred results and contributions to pension and OPEB plans made after the measurement date are recorded as expenditures in the governmental funds, but must be deferred in the statement of net position.	545,513
Net pension and OPEB liabilities are not due and payable in the current period and are not reported in the funds.	(2,002,252)
Certain amounts related to the net pension and OPEB liabilities are deferred and amortized over time. These are not reported in the funds.	(422,178)
The Internal Service Fund is used by management to account for the activities of the Pagosa Peak Open School Building Corporation. The assets and liabilities of this fund are included in the governmental activities of the statement of net position.	<u>1,258,566</u>
Net position of governmental activities	<u><u>\$ 1,335,006</u></u>

The accompanying notes are an integral part of this financial statement.

PAGOSA PEAK OPEN SCHOOL
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES
For the Year Ended June 30, 2025

	GENERAL FUND	DESIGNATED GRANTS FUND	NONMAJOR FUND ACTIVITY FUND	TOTAL GOVERNMENTAL FUNDS
REVENUES				
Local Sources	\$ 571,690	\$ -	\$ -	\$ 571,690
State Sources	3,862	176,376	-	180,238
Federal Sources	54,926	84,178	-	139,104
Other Sources	1,293,461	-	-	1,293,461
TOTAL REVENUES	1,923,939	260,554	-	2,184,493
EXPENDITURES				
Current Expenditures				
Instructional Program	827,758	98,546	-	926,304
Student Support Services	61,876	76,399	-	138,275
General Administration Support Services	64,673	-	-	64,673
School Administration Support Services	152,485	-	-	152,485
Business Support Services	130,246	5,914	-	136,160
Instructional Support Services	11,243	21,236	-	32,479
Operations and Maintenance of Plant Services	168,824	58,723	-	227,547
Student Transportation Services	4,144	-	-	4,144
Food Services	131,905	-	-	131,905
Enterprise Operations	25,179	-	-	25,179
Facilities Acquisition	272,925	-	-	272,925
TOTAL EXPENDITURES	1,851,258	260,818	-	2,112,076
NET CHANGE IN FUND BALANCE	72,681	(264)	-	72,417
Fund Balance, Beginning of Year	451,100	264	11,910	463,274
Fund Balance, End of Year	\$ 523,781	\$ -	\$ 11,910	\$ 535,691

The accompanying notes are an integral part of this financial statement.

PAGOSA PEAK OPEN SCHOOL
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2025

Net change in fund balances - total governmental funds \$ 72,417

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the activity in capital assets in the current period.

Fixed asset additions	\$	272,925	
Loss on disposal of fixed asset		(13,385)	
Depreciation expense		<u>(39,470)</u>	
			220,070

Certain items reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in the governmental funds. This item represents the change in pension and OPEB expense. (2,207)

The Internal Service Fund is used by management to account for the activities of the Pagosa Peak Open School Building Corporation. The net revenue (expense) of the internal service fund is charged to governmental activities. (3,438)

Change in net position of governmental activities \$ 286,842

PAGOSA PEAK OPEN SCHOOL
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
June 30, 2025

	Governmental Activities
	Internal Service Fund
ASSETS	
Current Assets	
Cash	\$ 23,217
Restricted Cash	57,194
Total Current Assets	<u>80,411</u>
Noncurrent Assets	
Capital Assets	
Land	715,000
Building	3,649,603
Equipment	17,290
Less: Accumulated Depreciation	(479,030)
Total Noncurrent Assets	<u>3,902,863</u>
TOTAL ASSETS	<u>3,983,274</u>
LIABILITIES	
Current Liabilities	
Note Payable	62,947
	<u>62,947</u>
Noncurrent Liabilities	
Note Payable	2,661,761
	<u>2,661,761</u>
TOTAL LIABILITIES	<u>2,724,708</u>
NET POSITION	
Net Investment in Capital Assets	1,178,155
Unrestricted	80,411
	<u>1,258,566</u>
TOTAL NET POSITION	<u><u>\$ 1,258,566</u></u>

The accompanying notes are an integral part of this financial statement.

PAGOSA PEAK OPEN SCHOOL
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For the Year Ended June 30, 2025

	Governmental Activities <hr/> Internal Service Fund <hr/>
OPERATING REVENUES	
Lease Income	\$ 156,348
TOTAL OPERATING REVENUES	<hr/> 156,348 <hr/>
OPERATING EXPENSES	
Utilities	-
Purchased Services	1,240
Insurance	297
Depreciation Expense	92,969
TOTAL OPERATING EXPENSES	<hr/> 94,506 <hr/>
OPERATING INCOME (LOSS)	<hr/> 61,842 <hr/>
NONOPERATING REVENUES (EXPENSES)	
Interest Expense	(65,280)
TOTAL NONOPERATING REVENUES (EXPENSES)	<hr/> (65,280) <hr/>
CHANGE IN NET POSITION	(3,438)
NET POSITION, Beginning of Year	<hr/> 1,262,004 <hr/>
NET POSITION, End of Year	<hr/> <u>\$ 1,258,566</u> <hr/>

The accompanying notes are an integral part of this financial statement.

PAGOSA PEAK OPEN SCHOOL
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2025

	Governmental Activities <hr/> Internal Service Fund <hr/>
Cash Flows from Operating Activities	
Cash Received from Inter-Fund Agreements	\$ 156,348
Cash Payments for Operating Expenses	(1,537)
Net Cash Provided (Used) by Operating Activities	<hr/> 154,811 <hr/>
Cash Flows from Capital and Related Financing Activities	
Principal Paid on Note	(61,524)
Interest Paid on Note	(65,280)
Net Cash Provided (Used) by Capital and Related Financing Activities	<hr/> (126,804) <hr/>
Cash Flows from Investing Activities	<hr/> - <hr/>
Net Increase (Decrease) in Cash and Cash Equivalents	28,007
Cash and Cash Equivalents, Beginning of Year	<hr/> 52,404 <hr/>
Cash and Cash Equivalents, End of Year	<hr/> \$ 80,411 <hr/>
Operating Income (Loss)	\$ 61,842
Adjustments to reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Depreciation	92,969
Net cash provided (used) by operating activities	<hr/> \$ 154,811 <hr/>
Summary of Cash Accounts	
Cash	\$ 23,217
Restricted Cash	57,194
	<hr/> \$ 80,411 <hr/>

The accompanying notes are an integral part of this financial statement.

PAGOSA PEAK OPEN SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2025

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Pagosa Peak Open School (the “School”) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant policies.

Financial Reporting Entity

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

The Pagosa Peak Open School Building Corporation (PPOSBC or the Corporation) is considered to be financially accountable to the School. The purpose of the Corporation is to hold title to real and/or personal property and for making the same available for use by Pagosa Peak Open School, and to otherwise provide a public building, facilities, and equipment. The Corporation is considered to be part of the School for financial reporting purposes because its resources are entirely for the direct benefit of the School and is blended into the School’s financial statements as a proprietary fund. Separate financials are not available.

The School is a component unit of the Archuleta School District 50JT (the District). The School’s charter is authorized by the District and the majority of the School’s funding is provided by the District. The District passes through 95% of the per pupil revenue and mill levies to the School, maintaining 5% as an administrative fee. It is the administrative position of the Colorado Department of Education that a charter school has the same relationship to a public school as does any other school program or school building within a school district. A charter school is part of a local school district that is a political subdivision of the State of Colorado. The School is organized as non-profit corporations under the laws of the State of Colorado and Section 501(c)(3) of the Internal Revenue Code. The School was created to help guide students in development of their character and academic potential through an academically rigorous, content rich educational program.

Basis of Presentation

Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the activities of the government. 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. The School does not report any business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues.

PAGOSA PEAK OPEN SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2025

Amounts reported as Program revenues include:

- Charges to customers or applicants for goods, services, or privileges provided;
- Operating grants and contributions; and
- Capital grants and contributions.

Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all District flow through per pupil funding.

Direct expenses are those clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants 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 operation or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported instead as general revenues.

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

Fund Financial Statements

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 collectible within the current period, or soon enough thereafter, to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Entitlement revenues are recognized to the extent of related expenditures or when compliance with matching requirements is met. A receivable is established when the related expenditures exceed revenue receipts and an unearned revenue account is established when receipts exceed the related expenditures. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to compensated absences and claims and judgments are recorded only when payment is due.

All other revenue items are considered to be measurable and available only when cash is received by the government.

The School reports the following major governmental funds:

- General Fund This fund is the primary operating fund of the School. It is used to account for all financial resources except those required to be accounted for in another fund.
- Designated Grants Fund This special revenue fund is used to account for the proceeds received from various Colorado Department of Education and outside Foundation grants and donations.

Proprietary fund financial statements are used to account for activities, which are similar to those often found in the private sector. The measurement focus is dependent upon determination of net income, financial position, and cash flows.

The School reports the following internal service fund:

- Building Corporation Fund This fund used is used to account for the activities for the Pagosa Peak School Building Corporation.

PAGOSA PEAK OPEN SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2025

The proprietary fund is accounted for using the accrual basis of accounting as follows:

- Revenues are recognized when earned and expenses are recognized when the liabilities are incurred.
- Current-year contributions, administrative expenses, and premium payments, which are not received or paid until the subsequent year, are accrued.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Certain eliminations have been made as prescribed in GASB Statement No. 34 in regards to interfund activities, payables, and receivables. All internal balances in the Statement of Net Position have been eliminated.

Budgets and Budgetary Accounting

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for all funds. All annual appropriations lapse at fiscal year-end.

The School adheres to the procedures described below in establishing the budgetary data reflected in the financial statements.

- Budgets are required by state law for all funds. By May 31, the Administrators 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.
- Prior to June 30, the budget is adopted by formal resolution.
- Expenditures may not legally exceed appropriations at the fund level.
- Revisions that alter the total expenditures of any fund must be approved by the Board of Education.
- Budgeted amounts reported in the accompanying financial statements are as originally adopted by the Board of Education.

Stewardship

The Building Corporation Fund is a 501(c)(3) nonprofit, therefore no budget was adopted during FY2025.

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

Cash

The School's cash and cash equivalents are considered to be cash-on-hand and demand deposits, which are deposited in checking accounts which are legally authorized.

Deposits

All deposits are reported at their gross value.

Due from Primary Government

Activities with the primary government that are representative of cash held by the primary government at the end of the fiscal year are reported as accounts receivable and accounts payable in the financial statements. Amounts due

PAGOSA PEAK OPEN SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2025

from the Primary Government – Archuleta School District as of June 30, 2025 was \$0 for their portion of per pupil revenue and grants receivable from the Colorado Department of Education that flow through the District at year end.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Capital Assets

Capital Assets, which include property, buildings, and equipment, are reported as governmental activity capital assets if acquired through operating resources. Capital assets are defined by the School as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of one year.

Such assets will be recorded at historical cost or estimated historical cost if purchased or constructed. Where cost cannot be determined from the available records, estimated historical cost will be used to record the estimated value of the assets. Assets acquired by gift or bequest are recorded at their fair market value at the date of transfer.

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

Property, buildings and equipment of the School will be depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings	30-40
Building Improvements	10-20
Equipment	10

Unearned Revenues

Unearned revenues are amounts that have been collected but have not met the requirements needed for revenue recognition.

Long-Term Obligations

Long-term obligations in the government-wide financial statements are reported as liabilities in the applicable activity.

Vacation, Sick Leave, and Other Compensated Absences

Employees are entitled to certain compensated absences based on their length of employment. Except for sick leave, compensated absences do not vest or accumulate and are recorded as expenditures when they are paid. Since all employees are contracted to work a set number of days during a year, no vacation accrual accumulates.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

PAGOSA PEAK OPEN SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2025

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Net Position/Fund Balance

In the government-wide financial statements and for the proprietary fund statements, net position is either shown as net investment in capital assets, with these assets essentially being nonexpendable; restricted when constraints placed on the net position are externally imposed; or unrestricted.

For the governmental fund presentation, fund balances that are classified as “nonspendable” include amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example, inventories and prepaid amounts.

Fund balance is reported as “restricted” when constraints placed on the use of resources are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the Board of Education, are reported as “committed” fund balance. Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action (for example, legislation, resolution, ordinance) it employed to previously commit those amounts.

Amounts that a government intends to use for a specific purpose; intent is expressed by the Board of Education, are reported as “assigned” fund balance.

All remaining fund balance in the General Fund is presented as “unassigned”.

Net Position/Fund Balance Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government’s policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance, if allowed under the terms of the restriction.

Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Revenues and Expenditures

Revenues for governmental funds are recorded when they become measurable and available. Generally, per-pupil operating revenues and fees are recognized when received. Grants from other governments are recognized to the extent of related expenditures, or when compliance with matching requirements is met. A receivable is established when the related expenditures exceed revenue receipts and a deferred revenue account is established when receipts exceed the related expenditures. Expenditures for governmental funds are generally recognized when the related liability is incurred.

PAGOSA PEAK OPEN SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2025

Pensions

The School 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.

Other Postemployment Benefits (OPEB)

The School 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 fiduciary net position 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.

Reclassification

Certain reclassifications have been made to the prior year financial statement presentation to correspond to the current year's format. Total net position/fund balance and change in net position/fund balance are unchanged by these reclassifications.

New Accounting Pronouncements

During fiscal year 2025, the School adopted the provisions of GASB Statement No. 101, *Compensated Absences*, that aligns the recognition and measurement guidance for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means under a unified model. In addition, it amended certain previously required disclosures. There is no effect on beginning net position as a result of the implementation of this standard.

NOTE 2: CASH AND INVESTMENTS

Cash and investments at June 30, 2025 were as follows:

Governmental Funds Cash & Cash Equivalents	\$	272,845
Internal Service Fund Cash & Cash Equivalents		23,217
ColoTrust		663,956
Governmental Activities - Unrestricted		\$ 960,018
Governmental Funds Restricted Cash & Cash Equivalents	\$	-
Internal Service Fund Restricted Cash & Cash Equivalents		57,194
		\$ 57,194

PAGOSA PEAK OPEN SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2025

Deposits

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. The School’s cash and investment balances are collateralized as follows:

	Bank Balance	Carrying Balance
FDIC Insured	\$ 332,826	\$ 332,826
PDPA Collateralized	229,683	20,430
	\$ 562,509	\$ 353,256

At June 30, 2025, State regulatory commissioners have indicated that all financial institutions holding deposits for the School 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 percent of the uninsured deposits.

Restricted Cash

The Pagosa Peak Open School Building Corporation is required to contribute \$938 monthly to a reserve account until the balance reaches \$112,404 to meet reserve requirements under the United States Department of Agriculture Community Facilities Loan.

Custodial Credit Risk

Deposits in financial institutions, reported as cash, cash equivalents, and investments had a bank balance as summarized above at June 30, 2025, which was fully insured by depository insurance or secured with collateral held through PDPA. All investments evidenced by individual securities are registered in the name of the School.

Investments

The School has no investment policy that limits its investment choices other than the limitation of state law as follows:

1. Direct obligations of the US government, its agencies, and instrumentalities to which the full faith and credit of the US government is pledged, or obligations to the payment of which the full faith and credit of the State is pledged;
2. Certificates of deposit or savings accounts that are either insured or secured with acceptable collateral with in-state financial institutions, and fully insured certificates of deposit or savings accounts in out of state financial institutions;
3. With certain limitation, negotiable certificates of deposit, prime bankers acceptances, prime commercial paper, and repurchase agreements with certain limitations;
4. County, municipal, or school tax supported debt obligations; bond or revenue anticipation notes; money; or bond or revenue anticipation notes of public trusts whose beneficiary is a county, municipality, or school;

PAGOSA PEAK OPEN SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2025

5. Notes or bonds secured by a mortgage or trust deed insured by the Federal Housing Administrator and debentures issued by the Federal Housing Administrator, and obligations of the National Mortgage Association; and
6. Money market funds regulated by the Securities and Exchange Commission (SEC) in which investments consist of the investments mentioned in 1, 2, 3, and 4, above.

The Colorado Government Liquid Asset Trust (COLOTRUST) Plus is an investment vehicle established for local government entities in Colorado pursuant to Part 7 of Article 75 of Title 24 of the Colorado Revised Statutes, to pool surplus funds for investment purposes. COLOTRUST operates in a manner similar to a money market fund and each share is equal in value to \$1.00. The fair value of the position of the pool is the same as the value of the pool shares. The designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. Substantially all securities owned by the pool 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 pool. Investments of the pool consist of U.S. Treasury bills, notes and note strips, and repurchase agreements collateralized by the U.S. Treasury Notes. COLOTRUST, is rated AAAM by Standard and Poor's.

Concentration of investment credit risk

The School has no formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates other than those contained in Colorado Revised Statutes.

The School places no limit on the amount it may invest in any one issuer. At June 30, 2025, the School had no concentration of credit risk.

The School would invest excess funds under the prudent investor rule. The criteria for selection of investments and their order of priority are: 1) safety; 2) liquidity; and 3) yield.

NOTE 3: INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfund Receivables and Payables

The School reports interfund balances between its funds. The balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur and (2) payments between funds are made. Interfund balances are generally expected to be repaid within one year of the financial statement date.

Interfund receivable and payable balances at June 30, 2025, were as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Grant Fund	\$ 3,420
		\$ 3,420

PAGOSA PEAK OPEN SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2025

NOTE 4: CAPITAL ASSETS

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

	Balance 6/30/2024	Additions	Deletions	Balance 6/30/2025
<i>Governmental Activities:</i>				
Capital Assets not being depreciated				
Land	\$ 715,000	\$ -	\$ -	\$ 715,000
Construction in Progress	13,385	272,925	13,385	272,925
Total Capital Assets not being depreciated	<u>728,385</u>	<u>272,925</u>	<u>13,385</u>	<u>987,925</u>
Capital Assets being depreciated				
Building	3,649,602	-	-	3,649,602
Improvements	1,151,817	-	-	1,151,817
Equipment	124,024	-	-	124,024
Total capital assets being depreciated	<u>4,925,443</u>	<u>-</u>	<u>-</u>	<u>4,925,443</u>
Less accumulated depreciation for:				
Building	(379,001)	(91,240)	-	(470,241)
Improvements accumulated depreciation	(57,592)	(28,796)	-	(86,388)
Equipment	(21,808)	(12,403)	-	(34,211)
Total accumulated depreciation	<u>(458,401)</u>	<u>(132,439)</u>	<u>-</u>	<u>(590,840)</u>
Total capital assets being depreciated, net	<u>4,467,042</u>	<u>(132,439)</u>	<u>-</u>	<u>4,334,603</u>
Total Capital Assets	<u>\$ 5,195,427</u>	<u>\$ 140,486</u>	<u>\$ 13,385</u>	<u>\$ 5,322,528</u>

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

Instructional Program	\$ 121,765
Food Service	4,074
Transportation	<u>6,600</u>
Total Depreciation Expense	<u>\$ 132,439</u>

NOTE 5: LEASES

The School leases the building located at 3133 Cornerstone Dr, Pagosa Springs, Colorado to several separate entities for the lease period of February 2022 through February 2025. Total lease revenue recognized during the fiscal year ending June 30, 2025 is \$48,895 and \$306 of interest income.

On May 1, 2020, the Pagosa Peak Open School Building Corporation (Building Corp), a component unit, purchased the facilities used by the School. The School rents the building from the Building Corp to repay the USDA loan. Rental expense for the year ended June 30, 2025 was approximately \$156,348.

This activity is eliminated on the Statement of Activities and is not subject to GASB 87, *Leases*, as this is interfund activity.

PAGOSA PEAK OPEN SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2025

Future minimum rental commitments for the building operating lease as of June 30, are as follows:

Year Ended June 30,	
2026	\$ 156,348
2027	156,348
2028	156,348
2029	156,348
2030	156,348
2031-2035	781,740
2036-2040	781,740
2041-2045	781,740
2046-2050	781,740
2051-2055	781,740
2056-2060	781,740
	<u>\$ 5,472,180</u>

NOTE 6: OUTSTANDING DEBT OBLIGATIONS

Long-term debt activity for the year ended June 30, 2025 was as follows:

	Balance 06/30/2024	Advances	Payments	Balance 06/30/2025	Current Portion
<i>Governmental Activities</i>					
Notes Payable					
United States Department of Agriculture					
Community Facilities Direct Loan	\$ 2,713,665	\$ -	\$ (48,456)	\$ 2,665,209	\$ 49,615
Region 9 Economic Development Loan	72,566	-	(13,068)	59,498	13,332
	<u>\$ 2,786,231</u>	<u>\$ -</u>	<u>\$ (61,524)</u>	<u>\$ 2,724,707</u>	<u>\$ 62,947</u>

Notes Payable

The Pagosa Peak Open School Building Corporation (the Corporation) entered into a \$2,900,000 loan agreement with the United States Department of Agriculture (USDA) at 2.375% interest rate, for the purchase of land and building and related building improvements incurred by the Corporation. The Corporation has pledged gross income and revenue to be derived from the operation of the facility to pay the principal and interest payments. Regular monthly principal and interest payments of \$9,367 began May 2020 with final payment due May 2060. The building and land are included in capital assets at a cost of \$3,628,063 and accumulated depreciation of \$468,627.

The Pagosa Peak Open School Building Corporation (the Corporation) entered into a \$100,000 loan agreement with Region 9 Economic Development District of Southwest Colorado, Inc. at 5.25% interest rate, for matching funds related to renovations at the K-7 building. Regular monthly principal and interest payments of \$1,200 begin May 2022 with final payment due April 2027.

PAGOSA PEAK OPEN SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2025

The annual debt service for the notes payable are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 62,947	\$ 63,829	\$ 126,776
2027	96,973	62,255	159,228
2028	52,028	60,351	112,379
2029	53,276	59,100	112,376
2030	54,558	57,822	112,380
2031-2035	293,061	268,819	561,880
2036-2040	329,974	231,907	561,881
2041-2045	371,543	188,560	560,103
2046-2050	418,337	143,544	561,881
2051-2055	471,025	90,857	561,882
2056-2060	520,985	31,525	552,510
	<u>\$ 2,724,707</u>	<u>\$ 1,258,569</u>	<u>\$ 3,983,276</u>

NOTE 7: DEFICIT NET POSITION

The Governmental Activities has a net position of \$1,335,006, and an unrestricted net position deficit of \$(1,322,815) primarily due to adding the PERA and OPEB net pension liabilities and related deferred inflows and deferred outflows of resources of \$1,878,917 further described in Notes 9 and 11. As the School has no control over pension and other retirement benefits or contribution rates, we expect this deficit net position to decrease as PERA continues to reduce its net pension liability and OPEB liability.

NOTE 8: SUMMARY DISCLOSURE OF SIGNIFICANT COMMITMENTS AND CONTINGENCIES AND LEGAL COMPLIANCE

Claims and Judgments

The School participates in 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 School is required to reimburse the grantor government. As of June 30, 2025, the School believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the School.

Tabor Amendment

In November 1992, Colorado voters passed the Tabor Amendment (Amendment 1) to the State Constitution which limits state and local government tax powers and imposes spending limitations.

The School is subject to the Tabor Amendment. Fiscal year 1993 provides the basis for limits in future years to which may be applied allowable increases for inflation and assessed valuation. Revenue received in excess of the limitations may be required to be refunded, unless authorized through ballot measure to retain the revenue. The Tabor

PAGOSA PEAK OPEN SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2025

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

The Tabor Amendment requires the School to establish a reserve for emergencies. At June 30, 2025, the School's reserve of \$60,000 was recorded as a restricted fund balance in the General Fund.

Mill Levy Override

Archuleta School District passed a mill levy override vote in November of 2018 for which the District began receiving funds in calendar year 2019. The School received \$118,171 worth of these override funds and the remaining override funds unspent as of June 30, 2025 was \$0.

NOTE 9: RISK MANAGEMENT

The School is exposed to various risks of loss related to: torts; theft of; damage to; destruction of assets; injuries to employees; and natural disasters. The School funds its outside insurance purchases, deductibles, and uninsured losses through the General Fund. The School carries commercial insurance for all other risks of loss, including errors and omissions and property. Settled claims resulting from these risks have not exceeded commercial coverage.

NOTE 10: DEFINED BENEFIT PENSION PLAN

General Information about the Pension Plan

Plan description. Eligible employees of the School 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.

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.

In all cases the service retirement benefit is limited to 100% of highest average salary and also 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

PAGOSA PEAK OPEN SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2025

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 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.

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 School 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 table below:

	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%
Total Employer Contribution Rate to the SCHDTF	20.38%

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

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the School is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from the School were \$184,532, 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

PAGOSA PEAK OPEN SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2025

each year to PERA starting on July 1, 2018. 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 School's proportion of the net pension liability was based on the School 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 School reported a liability of \$1,967,346 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 School 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 School were as follows:

School's proportionate share of the net position liability	\$ 1,967,346
The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the School	176,699
Total	<u>\$ 2,144,045</u>

At December 31, 2024, the School's proportion was 0.011%, which was a decrease of 0.003% from its proportion measured as of December 31, 2023.

For the year ended June 30, 2025, the School recognized pension expense of \$7,750 and revenue of \$16,127 for support from the State as a nonemployer contributing entity. At June 30, 2025, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 111,408	\$ -
Changes of assumption or other inputs	14,749	-
Net difference between projected and actual earnings on pension plan investments	37,118	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	268,493	391,725
Contributions subsequent to the measurement date	95,140	-
Total	\$ 526,908	\$ 391,725

\$95,140 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.

PAGOSA PEAK OPEN SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2025

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,		
2026	\$	132,244
2027		55,072
2028		(120,800)
2029		(26,473)
2030		-
Thereafter		-

Actuarial assumptions. The TPL in the December 31, 2023 actuarial valuation was determined using the following actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.30%
Real wage growth	0.70%
Wage inflation	3.00%
Salary increases, including wage inflation	3.40 – 11.00%
Long-term investment Rate of Return, net of 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 (compounded annually)	1.00%
PERA Benefit Structure hired after 12/31/06 ¹	Financed by the AIR

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

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.

	Mortality Rate	Adjustments, as Applicable
Pre-Retirement	PubT-2010 Employee	N/A
Post-Retirement (Retiree), Non-Disabled	PubT-2010 Employee	Males: 112% of the rates prior to age 80/ 94% of the rates age 80 and older Females: 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	Males: 97% of the rates for all ages Females: 105% of the rates for all ages
Disabled	PubNS-2010 Disabled Retiree	99% of the rates for all ages

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.

PAGOSA PEAK OPEN SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2025

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.

	Mortality Rate	Adjustments, as Applicable
Pre-Retirement	PubT-2010 Employee	N/A
Post-Retirement (Retiree), Non-Disabled	PubT-2010 Healthy Retiree	Males: 106% of the rates for all ages Females: 86% of the rated prior to age 85/ 115% of the rates age 85 and older
Post-Retirement (Beneficiary), Non-Disabled	Pub-2010 Contingent Survivor	Males: 92% of the rates for all ages Females: 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.

PAGOSA PEAK OPEN SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2025

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%
Total	<u>100.00%</u>	

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.
- As specified in law, the State, as a nonemployer contributing entity, will provide an annual direct distribution of \$225 million (actual dollars), which commenced 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.

PAGOSA PEAK OPEN SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2025

- 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 School’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 one-percentage-point lower (6.25%) or one-percentage-point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	\$ 2,667,265	\$ 1,967,346	\$ 1,381,066

Pension plan fiduciary net position- Detailed information about the SCHDTF’s fiduciary net position is available in PERA’s ACFR which can be obtained at www.copera.org/forms-resources/financial-reports-and-studies.

NOTE 11: DEFINED CONTRIBUTION PENSION PLAN

Voluntary Investment Program

Plan Description

Employees of the School that are also members of the SCHDTF may voluntarily contribute to the Voluntary Investment Program, an Internal Revenue Code Section 401(k) defined contribution plan administered by PERA. Title 24, Article 51, Part 14 of the C.R.S, as amended, assigns the authority to establish the Plan provisions to the PERA Board of Trustees. PERA issues a publicly available annual comprehensive financial report for the Plan. That report can be obtained at www.copera.org/investments/pera-financial-reports.

Funding Policy

The Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, and Section 1402 of the C.R.S., as amended. The School does not contribute to the plan. Employees are immediately vested in their own contributions, employer contributions, if any, and investment earnings. For the year ended June 30, 2025 program members did not make any contributions to the plan.

PAGOSA PEAK OPEN SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2025

NOTE 12: OTHER POST-EMPLOYMENT BENEFITS

General Information about the OPEB Plan

Plan description. Eligible employees of the School 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, sets forth a framework that grants authority to the PERA Board to contract, self-insure, and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of the premium subsidies. Colorado State law provisions may be amended by the Colorado General Assembly. PERA issues a publicly available annual comprehensive financial report (ACFR) that can be obtained at www.copera.org/investments/pera-financial-reports.

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

C.R.S. § 24-51-1202 et seq. specifies the eligibility for enrollment in the health care plans offered by PERA and the amount of the premium subsidy. The law governing a benefit recipient's eligibility for the subsidy and the amount of the subsidy differs slightly depending under which benefit structure the benefits are calculated. All benefit recipients under the PERA benefit structure 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 on behalf of benefit recipients not covered by Medicare Part A.

PAGOSA PEAK OPEN SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2025

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 percent 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 School is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the School were \$9,236 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 School reported a liability of \$34,906 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 School's proportion of the net OPEB liability was based on the School's contributions to the HCTF for the calendar year 2024 relative to the total contributions of participating employers to the HCTF.

At December 31, 2024, the School proportion was 0.007%, which was a decrease of 0.002% from its proportion measured as of December 31, 2023.

For the year ended June 30, 2025 the School recognized OPEB expense of (\$5,542). At June 30, 2025, School reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 7,700
Changes of assumption or other inputs	400	11,158
Net difference between projected and actual earnings on pension plan investments	118	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	13,324	11,595
Contributions subsequent to the measurement date	4,762	-
Total	\$ 18,604	\$ 30,453

\$4,762 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:

Year Ended June 30,		
2026	\$	(2,176)
2027		(1,515)
2028		(4,393)
2029		(3,170)
2030		(3,140)
Thereafter		(2,218)

PAGOSA PEAK OPEN SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2025

Actuarial assumptions. The TOL in the December 31, 2023 actuarial valuation was determined using 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 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

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	2.20%	2.30%
69	2.80%	2.20%
70	2.70%	1.60%
71	3.10%	0.50%
72	2.30%	0.70%
73	1.20%	0.80%
74	0.90%	1.50%
75-85	0.90%	1.30%
86 and older	0.00%	0.00%

PAGOSA PEAK OPEN SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2025

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 (actual dollars) per month.

All costs are subject to the health care cost trend rates, as discussed below.

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

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models, and industry methods developed by health plan actuaries and administrators. In addition, projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services are referenced in the development of these rates. 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.

PAGOSA PEAK OPEN SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2025

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

Year	PERACare	MAPD PPO #2	Medicare Part A
	Medicare Plans		Premiums
2024	16.00%	105.00%	3.50%
2025	6.75%	38.55%	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%

¹ Increase in 2024 trend rates due to the effect of the Inflation Reduction Act.

Mortality assumptions used in the December 31, 2023, valuation for the 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.

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

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 have been 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.

PAGOSA PEAK OPEN SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2025

- 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:	4.00%-13.40%

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.

Pre-Retirement	Mortality Rate	Adjustments, as Applicable
School Division	PubT-2010 Employee	N/A
Post-Retirement (Retiree), Non-Disabled	Mortality Rate	Adjustments, as Applicable
School Division	PubT-2010 Healthy Retiree	Males: 106% of the rates for all ages Females: 86% of the rates prior to age 85/ 115% of the rates age 85 and older
Post-Retirement (Beneficiary), Non-Disabled	Mortality Rate	Adjustments, as Applicable
All Beneficiaries	Pub-2010 Contingent Survivor	Males: 92% of the rates for all ages Females: 100% of the rates for all ages
Disabled	Mortality Rate	Adjustments, as Applicable
Members other than Safety Officers	Pub-2010 Disabled Retiree	95% of the rates for all ages

PAGOSA PEAK OPEN SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2025

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 reviewed as part of regularly scheduled experience studies performed at least every five years, and asset/liability studies, performed every three to five years for PERA. The most recent analyses were outlined in the 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:

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

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

	<u>1% Decrease in Trend Rates</u>	<u>Current Trend Rates</u>	<u>1% Increase in Trend Rates</u>
¹ Initial PERACare Medicare trend rate	5.75%	6.75%	7.75%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
¹ Initial MAPD PPO #2 trend rate	7.55%	8.55%	9.55%
Ultimate MAPD PPO #2 trend rate	3.50%	4.50%	5.50%
¹ Initial Medicare Part A trend rate	2.75%	3.75%	4.75%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability	<u>\$ 33,966</u>	<u>\$ 34,906</u>	<u>\$ 35,971</u>

¹For the January 1, 2025, plan year.

PAGOSA PEAK OPEN SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2025

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 year, total covered payroll was assumed to increase annually at a rate of 3.00%.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Estimated transfers of dollars into the HCTF representing a portion of purchase service agreements intended to cover the costs associated with OPEB benefits.
- Benefit payments and contributions were assumed to be made at the middle of the year.
- 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 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 School’s proportionate share of the net OPEB liability to changes in the discount rate. The following presents the proportionate share of the net OPEB liability calculated using the discount rate of 7.25%, as well as what the proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.25%) or one-percentage-point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	\$ 42,778	\$ 34,906	\$ 28,120

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

PAGOSA PEAK OPEN SCHOOL
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2025

NOTE 13: COMMITMENTS AND CONTINGENCIES

Construction Projects

Playground Renovation – The playground renovation began May 2025 with a projected completion date of August 2025. The total cost was estimated at \$805,000 with funding provided by a Grant Award of \$688,000. As of June 30, 2025, \$272,925 has been spent on the project.

PAGOSA PEAK OPEN SCHOOL

REQUIRED SUPPLEMENTARY INFORMATION

In addition to the basic financial statements, a budgetary comparison schedule is required for the General Fund and, if applicable, each of the School's major special revenue funds. In addition, pension plan and OPEB contributions and the School's proportionate share of the net pension and OPEB liabilities are required to supplement the basic financial statements.

PAGOSA PEAK OPEN SCHOOL
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended June 30, 2025

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH
	ORIGINAL	FINAL		FINAL BUDGET
				POSITIVE
				(NEGATIVE)
REVENUES				
Local Sources	\$ 934,400	\$ 1,051,315	\$ 571,690	\$ (479,625)
State Sources	184,796	-	-	-
Federal Sources	89,200	46,000	58,788	12,788
Other Sources	1,249,316	1,303,806	1,293,461	(10,345)
TOTAL REVENUES	2,457,712	2,401,121	1,923,939	(477,182)
EXPENDITURES				
Current Expenditures				
Instructional Program	923,848	866,942	827,758	39,184
Student Support Services	112,681	112,681	87,055	25,626
General Administration Support Services	71,190	71,190	64,673	6,517
School Administration Support Services	156,395	156,395	152,485	3,910
Business Support Services	131,938	131,938	130,246	1,692
Instructional Support Services	-	-	11,243	(11,243)
Operations and Maintenance of Plant Services	172,861	172,861	168,824	4,037
Transportation	8,000	8,000	4,144	3,856
Central Support Services	-	-	-	-
Food Service Operations	122,909	122,909	131,905	(8,996)
Facilities Acquisition	750,000	750,000	272,925	477,075
TOTAL EXPENDITURES	2,449,822	2,392,916	1,851,258	541,658
Excess (Deficiency) of Revenue Over Expenditures	7,890	8,205	72,681	64,476
OTHER FINANCING SOURCES (USES)				
Transfers from Other Funds	-	-	-	-
Change in Fund Balance	7,890	8,205	72,681	64,476
FUND BALANCE, Beginning of Year	220,640	451,100	451,100	-
FUND BALANCE, End of Year	\$ 228,530	\$ 459,305	\$ 523,781	\$ 64,476

PAGOSA PEAK OPEN SCHOOL
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
DESIGNATED GRANTS FUND
For the Year Ended June 30, 2025

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>FINAL BUDGET</u>
				<u>POSITIVE</u>
				<u>(NEGATIVE)</u>
REVENUES				
Local Sources	\$ -	\$ -	\$ -	\$ -
State Sources	-	185,579	176,376	(9,203)
Federal Sources	-	78,264	84,178	5,914
TOTAL REVENUES	<u>-</u>	<u>263,843</u>	<u>260,554</u>	<u>(3,289)</u>
EXPENDITURES				
Current Expenditures				
Instructional Program	-	65,118	98,546	(33,428)
Student Support Services	-	108,057	76,399	31,658
Business Support Services	-	20,210	5,914	14,296
Instructional Support Services	-	10,000	21,236	(11,236)
General Administration Support Services	-	-	-	-
Operations and Maintenance of Plant Services	-	60,458	58,723	1,735
TOTAL EXPENDITURES	<u>-</u>	<u>263,843</u>	<u>260,818</u>	<u>3,025</u>
Change in Fund Balance	-	-	(264)	(264)
FUND BALANCE, Beginning of Year	<u>-</u>	<u>264</u>	<u>264</u>	<u>-</u>
FUND BALANCE, End of Year	<u>\$ -</u>	<u>\$ 264</u>	<u>\$ -</u>	<u>\$ (264)</u>

PAGOSA PEAK OPEN SCHOOL
SCHEDULE OF THE SCHOOL'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
PERA SCHDTF PENSION PLAN
For the 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>
School's proportion of the net pension liability	0.0114016645%	0.0147208702%	0.0103189221%	0.0119247020%	0.0117532782%	0.0094456867%	0.0063180524%	0.0064921324%
School's proportionate share of the net pension liability (asset)	\$ 1,967,346	\$ 2,603,154	\$ 1,879,021	\$ 1,387,722	\$ 1,776,859	\$ 1,411,165	\$ 1,118,741	\$ 2,099,325
State's proportionate share of the net pension liability (asset) associated with the School	<u>176,699</u>	<u>57,079</u>	<u>547,565</u>	<u>159,085</u>	<u>-</u>	<u>178,988</u>	<u>134,572</u>	<u>-</u>
Total	<u>\$ 2,144,045</u>	<u>\$ 2,660,233</u>	<u>\$ 2,426,586</u>	<u>\$ 1,546,807</u>	<u>\$ 1,776,859</u>	<u>\$ 1,590,153</u>	<u>\$ 1,253,313</u>	<u>\$ 2,099,325</u>
School's covered payroll	\$ 881,058	\$ 970,748	\$ 794,597	\$ 745,253	\$ 628,281	\$ 482,149	\$ 348,182	\$ 299,474
School's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	223.29%	268.16%	236.47%	186.21%	282.81%	292.68%	321.31%	701.00%
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%

* The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

** This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled the School presents information for those years for which information is available.

PAGOSA PEAK OPEN SCHOOL
SCHEDULE OF THE SCHOOL'S CONTRIBUTIONS
PERA SCHDTF PENSION PLAN
For the Years Ended June 30,

	2025	2024	2023	2022	2021	2020	2019	2018
Contractually required contribution	\$ 184,532	\$ 182,620	\$ 191,089	\$ 149,947	\$ 133,358	\$ 119,097	\$ 87,446	\$ 58,233
Contributions in relation to the contractually required contribution	(184,532)	(182,620)	(191,089)	(149,947)	(133,358)	(119,097)	(87,446)	(58,233)
Contribution deficiency (excess)	<u>\$ -</u>							
School's covered payroll	905,452	896,073	937,625	754,262	670,894	614,538	457,113	312,575
Contributions as a percentage of covered payroll	20.38%	20.38%	20.38%	19.88%	19.88%	19.38%	19.13%	18.63%

** This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled the School presents information for those years for which information is available.

PAGOSA PEAK OPEN SCHOOL
SCHEDULE OF THE SCHOOL'S PROPORTIONATE SHARE
OF THE NET OPEB LIABILITY
PERA HEALTHCARE TRUST FUND
For the Years Ended June 30,

	2025	2024	2023	2022	2021	2020	2019	2018
School's proportion of the net OPEB liability	0.0073000073%	0.0088066918%	0.0078382386%	0.0077859027%	0.0067995455%	0.0061712947%	0.0041067568%	0.0036888063%
School's proportionate share of the net OPEB liability (asset)	\$ 34,906	\$ 62,856	\$ 63,998	\$ 67,138	\$ 64,611	\$ 69,365	\$ 55,874	\$ 47,940
School's covered payroll	\$ 881,058	\$ 970,748	\$ 794,597	\$ 745,253	\$ 628,281	\$ 482,149	\$ 348,182	\$ 299,474
School's proportionate share of the net OPEB liability as a percentage of its covered payroll	3.96%	6.48%	8.05%	9.01%	10.28%	14.39%	16.05%	16.01%
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%

*The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

**This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10 year trend is compiled the School presents information for those years for which information is available.

PAGOSA PEAK OPEN SCHOOL
SCHEDULE OF SCHOOL'S CONTRIBUTIONS
PERA HEALTHCARE TRUST FUND
For the 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 contribution	\$ 9,236	\$ 9,140	\$ 9,564	\$ 7,693	\$ 6,843	\$ 6,268	\$ 4,663	\$ 3,188
Contributions in relation to the contractually required contribution	<u>(9,236)</u>	<u>(9,140)</u>	<u>(9,564)</u>	<u>(7,693)</u>	<u>(6,843)</u>	<u>(6,268)</u>	<u>(4,663)</u>	<u>(3,188)</u>
Contribution deficiency (excess)	<u>\$ -</u>							
School's covered payroll	\$ 905,452	\$ 896,073	\$ 937,625	\$ 754,262	\$ 670,894	\$ 614,538	\$ 457,113	\$ 312,575
Contributions as a percentage of covered payroll	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%

**This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10 year trend is compiled the School presents information for those years for which information is available.

PAGOSA PEAK OPEN SCHOOL
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2025

NOTE 1 PENSION PLAN - COLORADO PERA SCHDTF

Significant Changes in Plan Provisions Affecting Trends in Actuarial Information

2024

- There were no changes made to the plan provisions.

2023

- 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.

2022

- HB 22-1029, effective upon enactment in 2022, required the State Treasurer to issue, in addition to the regularly scheduled \$225,000 direct distribution, a warrant to PERA in the amount of \$380,000 with reductions to future direct distributions. The July 1, 2023, direct distribution will be reduced by \$190,000 to \$35,000. The July 1, 2024, direct distribution will not be reduced from \$225,000 due to a negative investment return in 2022.

2021

- The following changes reflect the anticipated adjustments resulting from the 2020 automatic adjustment provision (AAP) assessment, statutorily recognized July 1, 2021, and effective July 1, 2022:
 - Member contribution rates increase by 0.50%.
 - Employer contribution rates increase by 0.50%.
 - Annual increase (AI) cap is lowered from 1.25% per year to 1.00% per year.

2020

- HB 20-1379, enacted on June 29, 2020, suspended the \$225,000 direct distribution payable on July 1, 2020 for the State's 2020-21 fiscal year.

2019

- SB 18-200 was enacted on June 4, 2018, which included the adoption of the AAP. The following changes reflect the anticipated adjustments resulting from the 2018 AAP assessment, statutorily recognized July 1, 2019, and effective July 1, 2020:
 - Member contribution rates increase by 0.50%.

PAGOSA PEAK OPEN SCHOOL
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2025

- Employer contribution rates increase by 0.50%.
- AI cap is lowered from 1.50% per year to 1.25% per year.

2018

- The following changes were made to the plan provisions as part of SB 18-200:
 - Member contribution rates increase by 0.75% effective July 1, 2019, an additional 0.75% effective July 1, 2020, and an additional 0.50% effective July 1, 2021.
 - Employer contribution rates increase by 0.25% effective July 1, 2019
 - An annual direct distribution of \$225,000 from the State of Colorado, recognized as a nonemployer contributing entity, is distributed between the State, School, Judicial, and DPS Divisions proportionally based on payroll.
 - AI cap is lowered from 2.00% per year to 1.50% per year.
 - Initial AI waiting period is extended from one year after retirement to three years after retirement.
 - AI payments are suspended for 2018 and 2019.
 - The number of years used in the Highest Average Salary calculation for non-vested members as of January 1, 2020, increases from three to five years.

2017 – no changes

2016 – no changes

Significant Changes in Assumptions or Other Inputs Affecting Trends in Actuarial Information

2024

- Salary scale assumptions were altered to better reflect actual experience.
- Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.
- The 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 – no changes

2022– no changes

2021

- The assumption used to value the AI cap benefit provision was changed from 1.25% to 1.00%.

PAGOSA PEAK OPEN SCHOOL
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2025

2020

- The price inflation assumption was lowered from 2.40% to 2.30%.
- The wage inflation assumption was lowered from 3.50% to 3.00%.
- The real rate of investment return assumption was increased to 4.95% per year, net of investment expenses from 4.85% per year, net of investment expenses.
- Salary scale assumptions were revised to align with revised economic assumptions and to more closely reflect actual experience.
- Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.
- The pre-retirement mortality assumption for the School and DPS Divisions was changed to the PubT-2010 Employee Table with generational projection using scale MP-2019.
- The post-retirement non-disabled mortality assumption for the School Divisions was changed to the PubT-2010 Healthy Retiree Table, adjusted as follows:
 - Males: 112% of the rates prior to age 80 and 94% of the rates for ages 80 and older, with generational projection using scale MP-2019.
 - Females: 83% of the rates prior to age 80 and 106% of the rates for ages 80 and older, with generational projection using scale MP-2019.
- The disabled mortality assumption for the Division Trust Funds was changed to the PubNS-2010 Disabled Retiree Table using 99% of the rates for all ages with generational projection using scale MP-2019.
- The mortality tables are generational mortality tables developed on a benefit-weighted basis.

2019

- The assumption used to value the AI cap benefit provision was changed from 1.50% to 1.25%.

2018

- The single equivalent interest rate (SEIR) was increased from 4.78% to 7.25% to reflect the changes to the projection's valuation basis which no longer resulted in a projected year of depletion of the FNP, thereby eliminating the need to apply the municipal bond index rate.

2017

- The SEIR for the School Division was lowered from 5.26% to 4.78% to reflect the changes to the projection's valuation basis, a projected year of depletion of the FNP, and the resulting application of the municipal bond index rate.
- The municipal bond index rate used in the determination of the SEIR changed from 3.86% on the prior measurement date to 3.43% on the measurement date.

2016

- The investment return assumption was lowered from 7.50% to 7.25%.
- The price inflation assumption was lowered from 2.80% to 2.40%.

PAGOSA PEAK OPEN SCHOOL
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2025

- The wage inflation assumption was lowered from 3.90% to 3.50%.
- The post-retirement mortality assumption for healthy lives was changed to the RP-2014 White Collar Healthy Annuitant Mortality Table with adjustments for credibility and gender adjustments of a 93% factor applied to ages below 80 and a 113% factor applied to age 80 and above, projected to 2018, for males, and a 68% factor applied to ages below 80 and a 106% factor applied to age 80 and above, projected to 2020, for females.
- For disabled retirees, the mortality assumption was changed to reflect 90% of RP-2014 Disabled Retiree Mortality Table.
- The mortality assumption for active members was changed to RP-2014 White Collar Employee Mortality Table, a table specifically developed for actively working people. To allow for an appropriate margin of improved mortality prospectively, the mortality rates incorporate a 70% factor applied to male rates and a 55% factor applied to female rates.
- The rates of retirement, withdrawal, and disability were revised to reflect more closely actual experience.
- The estimated administrative expense as a percentage of covered payroll was increased from 0.35% to 0.40%.
- The SEIR for the State and School Divisions was lowered from 7.50% to 5.26% to reflect the changes to the projection's valuation basis, a projected year of depletion of the FNP, and the resulting application of the municipal bond index rate of 3.86% on the measurement date.

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.

NOTE 2 OTHER POST-EMPLOYMENT BENEFIT PLAN - COLORADO PERA HCTF

Significant Changes in Plan Provisions Affecting Trends in Actuarial Information

2024

- 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.

2023

- 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 \$24,000 payment received on December 4, 2023 and a \$2,000 receivable. The employer disaffiliation payment and receivable allocations to the HCTF and Local Government Division Trust Fund

PAGOSA PEAK OPEN SCHOOL
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2025

were \$1,033 and \$24,967, respectively.

2022

- The total OPEB liability for the HCTF, as of the December 31, 2022, measurement date, was adjusted to reflect the disaffiliation, allowable under C.R.S. § 24-51-313, of Tri-County Health, effective December 31, 2022. As of the close of the 2022 fiscal year, no disaffiliation payment associated with Tri-County Health was received, and therefore no disaffiliation dollars were reflected in the FNP as of the December 31, 2022, measurement date.

2021 – no changes

2020 – no changes

2019 – no changes

2018 – no changes

2017

- The Cunningham Fire Protection District (CFPD) disaffiliated from the Local Government Division, thereby ending participation in the HCTF on December 2, 2017. For the purpose of disclosure as of the December 31, 2017, measurement date, liabilities were determined assuming no additional service accruals impacting possible future premium subsidies for the disaffiliated membership of the CFPD that had not refunded their PERA member contribution accounts. The total disaffiliation payment of \$1,159 was allocated to the Local Government Division Trust Fund and the HCTF in the amount of \$1,063 and \$96, respectively.

Significant Changes in Assumptions or Other Inputs Affecting Trends in Actuarial Information

2024

- Salary scale assumptions were altered to better reflect actual experience.
- Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.
- The 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.

2023 – no changes

2022

- The timing of the retirement decrement was adjusted to middle-of-year.

2021 – no changes

PAGOSA PEAK OPEN SCHOOL
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2025

2020

- The price inflation assumption was lowered from 2.40% to 2.30%.
- The wage inflation assumption was lowered from 3.50% to 3.00%.
- The real rate of investment return assumption was increased to 4.95% per year, net of investment expenses from 4.85% per year, net of investment expenses.
- Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.
- The pre-retirement mortality assumption was changed to the PubT-2010 Employee Table with generational projection using scale MP-2019.
- The post-retirement non-disabled mortality assumption was changed to the PubT-2010 Healthy Retiree Table, adjusted as follows:
 - Males: 112% of the rates prior to age 80 and 94% of the rates for ages 80 and older, with generational projection using scale MP-2019.
 - Females: 83% of the rates prior to age 80 and 106% of the rates for ages 80 and older, with generational projection using scale MP-2019.
- The post-retirement non-disabled beneficiary mortality assumption for the Division Trust Funds was changed to the Pub-2010 Contingent Survivor Table, adjusted as follows:
 - Males: 97% of the rates for all ages, with generational projection using scale MP-2019.
 - Females: 105% of the rates for all ages, with generational projection using scale MP-2019.
- The disabled mortality assumption was changed to the PubNS-2010 Disabled Retiree Table using 99% of the rates for all ages with generational projection using scale MP-2019.
- The mortality tables are generational mortality tables developed on a head-count weighted basis.

2019 – no changes

2018 – no changes

2017 – no changes

PAGOSA PEAK OPEN SCHOOL
SUPPLEMENTARY INFORMATION

PAGOSA PEAK OPEN SCHOOL
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
ACTIVITY FUND
For the Year Ended June 30, 2025

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>FINAL BUDGET</u>
				<u>POSITIVE</u>
				<u>(NEGATIVE)</u>
REVENUES				
Local Sources	\$ -	\$ -	\$ -	\$ -
TOTAL REVENUES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES				
Current Expenditures				
Instructional Program	-	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenue Over Expenditures	-	-	-	-
OTHER FINANCING SOURCES (USES)				
Transfers from Other Funds	-	-	-	-
Change in Fund Balance	-	-	-	-
FUND BALANCE, Beginning of Year	<u>-</u>	<u>11,910</u>	<u>11,910</u>	<u>-</u>
FUND BALANCE, End of Year	<u><u>\$ -</u></u>	<u><u>\$ 11,910</u></u>	<u><u>\$ 11,910</u></u>	<u><u>\$ -</u></u>