COLLEGIATE ACADEMY OF COLORADO

BASIC FINANCIAL STATEMENTS

June 30, 2024

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FINANCIAL SECTION

JOHN CUTLER & ASSOCIATES

Board of Directors
Collegiate Academy of Colorado
Littleton, Colorado

INDEPENDENT AUDITORS' REPORT

Report on the Financial Statements

Opinions

We have audited the financial statements of the governmental activities and each major fund, of Collegiate Academy of Colorado (the "Academy"), a component unit of Jefferson County School District No. R-1, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Academy's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Collegiate Academy of Colorado as of June 30, 2024, 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 (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Collegiate Academy of Colorado and to meet our 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 the 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 Academy's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgement 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 of 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 of the effectiveness of the Academy'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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Academy's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required budgetary and pension information on pages 41-45 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 (GASB) 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.

John Cutler & Associates, LLC

November 20, 2024

Management's Discussion and Analysis

As management of Collegiate Academy of Colorado (Collegiate or School), we offer readers of Collegiate's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2024.

Financial Highlights

At the close of FY24, the net position of Collegiate was $2,175,117 which was an increase of $180,392 from 2023. At the close of the fiscal year, Collegiate's governmental funds reported a combined ending fund balance of $1,981,248 for the General Fund and $407,243 for the Building Foundation, a total change of $468,074 from the prior year.

Overview of Financial Statements

This discussion and analysis are intended to serve as an introduction to Collegiate's basic financial statements. Collegiate'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 Collegiate's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all Collegiate's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of Collegiate is improving or deteriorating. However, these figures are also impacted by changes in accounting practices, such as a change in reporting of pension liabilities which can result in a substantial change in net position.

The statement of activities presents information showing how the 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 financial statement of activities distinguishes functions/programs of Collegiate supported primarily by per pupil revenue (PPR) or property, income, and sales taxes passed through from the district received from the County and State. The governmental activities of Collegiate include instruction and supporting expenses.

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. Collegiate, like other charter schools, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the funds of Collegiate are governmental funds.

Governmental Funds

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

Collegiate maintains two individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund and the Building Foundation which are considered to be major.

Collegiate adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with the budget. In addition to the general fund, annual appropriations were made for the grants fund and building corporation.

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 6-39.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Collegiate, net position was $2,175,117 at the close of the most recent fiscal year. The net position shows a modest increase in net financial position due primarily to three factors. The bulk of the $180,392 increase was seen in unrestricted cash as a result of conservative spending practices as well as a substantial unbudgeted contribution from the school's Foundation. The change in net position was also impacted by depreciation of capital assets as well as changes in deferred inflows and outflows from pension funds.

Collegiate Academy's Net Position

	Governmental Activities 30-Jun-24	Governmental Activities 30-Jun-23
Cash and Investments	2,087,935	1,950,022
Restricted Cash and Investments	523,139	169,816
Accounts Receivable	10,406	10,960
Capital Assets, Not Depreciated	1,246,383	4,964,724
Capital Assets, Depreciated	6,358,025	2,919,674
Total Assets	10,225,888	10,015,196
Deferred Outflow of Resources		
Related to Pensions	1,589,166	1,111,305
Deferred Costs		
Related to OPEB	18,343	25,904
Total Deferred Outflows of Resources	1,607,509	1,137,209
Account Payable	19,199	14,665
Accrued Salaries/Benefits	212,790	195,716
Accrued Interest	4,681	5,864
Deferred Revenues	1,000	0
Noncurrent Liabilities	9,025,855	8,113,175
Total Liabilities	9,263,525	8,329,420

Deferred Inflows – Related to Pensions	394,755	828,260
Net Investment in Capital Assets,	4,414,408	4,599,398
Restricted for Emergencies –Tabor	116,181	106,723
Restricted for Debt Service	402,563	63,094
Unrestricted for Emergencies	(2,758,035)	(2,774,490)
Total Net Position	$2,175,117	$1,994,725

Collegiate Academy's Change in Net Position
For the Years Ended June 30, 2023, and June 30, 2022

	June 30, 24	June 30, 23
Program Revenue:		
Charges for Services	191,707	173,055
Operating Grants and Contributions	273,532	256,114
Capital Grants and Contributions	127,906	132,877
Total Program Revenue	593,145	562,046
General Revenue:		
Per Pupil Operating Revenue	3,106,163	2,984,066
Mill Levy Override	638,701	650,326
Investment Earnings	9,517	7,095
Other	242,054	5,568
Unrestricted State Aide		171,363
Capital Transfer from District		402,887
Total Revenues	4,589,580	4,221,305
Expenses:		
Current:		
Instruction	2,709,272	2,381,996
Supporting Services	1,588,752	1,284,546
Interest and Fiscal Charges	111,164	126,155
Total Expenses	4,409,188	3,792,697
Increase (Decrease) in Net Position	180,392	990,654
Beginning Net Position, June 30, as restated	1,994,725	1,004,071
Ending Net Position, June 30	2,175,117	1,994,725

Financial Analysis of the Government's Funds

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

Governmental Funds

The focus of the Collegiate's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Collegiate'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, June 30, 2024, the School's governmental funds reported a combined ending fund balance of $2,388,491 which represents an increase of $468,074. This modest change reflects spending in line with budgeted expenses.

General Fund Budgetary Highlights

Total enrollment from FY23 to FY24 saw a loss from 318.66 FTE to 300.74 FTE in FY23 as post-pandemic trends toward homeschool or online educational programs continued. Despite the decline in enrollment, Management held expenditures down and compensated to offset lost revenues, posting a year end unrestricted cash on hand figure of $2,087,935, the equivalent of 179.00 days cash on hand.

Lingering impacts of the pandemic continued to impact operations throughout FY24. Enrollment losses to nontraditional educational options, lost building rental revenues, and ongoing expenses related to sanitation, staff absences and 1:1 technology all continued to impact operations. Conservative budgeting practices in other areas helped to make up for most of these shortfalls, along with an increase in donation revenue.

Capital Asset and Debt Administration

Capital Assets

Collegiate Academy's investment in capital assets decreased $219,990 during FY24 due primarily to the depreciation on capital improvements transferred in FY23. Total losses to depreciation were $299,399.

Long-Term Debt

Collegiate Academy is in a long-term lease agreement with Collegiate Building Corporation ending in 2031. This year's lease payment was scheduled to be $405,000 principal and $112,347 interest, reflecting the school's choice to make an additional principal payment of $310,000 intended to retire facility debt on the original bonds' 11-year schedule, despite the flexibility allowed under the 30-year amortization of the refinanced facility bonds. Despite the Building Corporation's transfer of the additional funds to the trustee and its direction to the trustee to make this additional principal payment on 15 June 2024, the trustee failed to make the payment as directed during FY23 and did not post the transaction until 06 September 2024. While this error by the trustee has no impact on net position, capital lease liability appears higher than anticipated at the end of FY24, with Restricted Cash on hand inflated by an equal dollar amount ($310,000). Total forward balance into FY24 (including restricted cash) will also appear higher than anticipated, while debt service spending in future fiscal years may appear artificially inflated as a result. Ultimately, the scheduled $95,000 principal and $112,347 interest payments posted as scheduled in FY23 for a total of $207,347.

Economic Factors and Next Year's Budget

Although many aspects of operations have stabilized with the receding pandemic, federal ESSER-3 relief funds will sunset in the first quarter of FY24. As a result, certain operational expenditures originally related to COVID-19 including lost learning supports, 1:1 technology, and rigorous sanitation regimes remain ongoing needs which will require different funding sources.

Fortunately, strong tax revenues have supported state spending on education, allowing continued increases in per pupil revenues from the state for FY25. The authorizing district is preparing for a fall ballot initiative to increase mill levy overrides and inflation adjustment factors to align more closely with surrounding counties. The state's political climate both in the state legislature and the governor's mansion remain favorable to education spending and elimination of the historic "negative factor" which reduced school funding to balance the state budget for many years. These factors provide optimism regarding revenues despite other uncertainties around enrollment and loss of ESSER revenues which have been state and national concerns over the past few years.

Requests for Information

This financial report is designed to provide a general overview of Collegiate'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 Collegiate Academy, Attn: Business Manager, 8420 S. Sangre de Cristo Rd, Littleton, CO 80127.

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Collegiate Academy's Net Position

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Related to Pensions	1,589,166	1,111,305
Deferred Costs		
Related to OPEB	18,343	25,904
Total Deferred Outflows of Resources	1,607,509	1,137,209
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Accrued Interest	4,681	5,864
Deferred Revenues	1,000	0
Noncurrent Liabilities	9,025,855	8,113,175
Total Liabilities	9,263,525	8,329,420

Deferred Inflows – Related to Pensions	394,755	828,260
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Investment Earnings	9,517	7,095
Other	242,054	5,568
Unrestricted State Aide		171,363
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Current:		
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Capital Asset and Debt Administration

Capital Assets

Collegiate Academy's investment in capital assets decreased $219,990 during FY24 due primarily to the depreciation on capital improvements transferred in FY23. Total losses to depreciation were $299,399.

Long-Term Debt

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Economic Factors and Next Year's Budget

Although many aspects of operations have stabilized with the receding pandemic, federal ESSER-3 relief funds will sunset in the first quarter of FY24. As a result, certain operational expenditures originally related to COVID-19 including lost learning supports, 1:1 technology, and rigorous sanitation regimes remain ongoing needs which will require different funding sources.

Fortunately, strong tax revenues have supported state spending on education, allowing continued increases in per pupil revenues from the state for FY25. The authorizing district is preparing for a fall ballot initiative to increase mill levy overrides and inflation adjustment factors to align more closely with surrounding counties. The state's political climate both in the state legislature and the governor's mansion remain favorable to education spending and elimination of the historic "negative factor" which reduced school funding to balance the state budget for many years. These factors provide optimism regarding revenues despite other uncertainties around enrollment and loss of ESSER revenues which have been state and national concerns over the past few years.

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BASIC FINANCIAL STATEMENTS

COLLEGIATE ACADEMY OF COLORADO

STATEMENT OF NET POSITION
As of June 30, 2024

	Governmental Activities	
	2024	2023
ASSETS		
Cash and Investments	$ 2,087,935	$ 1,950,022
Restricted Cash and Investments	523,139	169,816
Accounts Receivable	10,406	10,960
Capital Assets, Not Depreciated	1,246,383	4,964,724
Capital Assets, Depreciated, Net of Accumulated Depreciation	6,358,025	2,919,674
TOTAL ASSETS	10,225,888	10,015,196
DEFERRED OUTFLOWS OF RESOURCES		
Related to Pensions	1,589,166	1,111,305
Related to OPEB	18,343	25,904
TOTAL DEFERRED OUTFLOWS OF RESOURCES	1,607,509	1,137,209
LIABILITIES		
Accounts Payable	19,199	14,665
Accrued Salaries and Benefits	212,790	195,716
Accrued Interest	4,681	5,864
Deferred Revenue	1,000	-
Noncurrent Liabilities		
Capital Lease		
Due in One Year	405,000	95,000
Due in More Than One Year	2,785,000	3,190,000
Net Pension Liability	5,698,265	4,669,067
Net OPEB Liability	137,590	159,108
TOTAL LIABILITIES	9,263,525	8,329,420
DEFERRED INFLOWS OF RESOURCES		
Related to Pensions	344,242	767,954
Related to OPEB	50,513	60,306
TOTAL DEFERRED INFLOWS OF RESOURCES	394,755	828,260
NET POSITION		
Net Investment in Capital Assets	4,414,408	4,599,398
Restricted for Emergencies	116,181	106,723
Restricted for Debt Service	402,563	63,094
Unrestricted	(2,758,035)	(2,774,490)
TOTAL NET POSITION	$ 2,175,117	$ 1,994,725

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

COLLEGIATE ACADEMY OF COLORADO

STATEMENT OF ACTIVITIES
Year Ended June 30, 2024

FUNCTIONS/PROGRAMS	Expenses	PROGRAM REVENUES: Charges for Services	PROGRAM REVENUES: Operating Grants and Contributions	PROGRAM REVENUES: Capital Grants and Contributions	Net (Expense) Revenues and Change in Net Position: 2024	Net (Expense) Revenues and Change in Net Position: 2023
PRIMARY GOVERNMENT						
Governmental Activities						
Instruction	$ 2,709,272	$ 191,707	$ 191,450	$ -	$ (2,326,115)	$ (1,954,814)
Supporting Services	1,588,752	-	82,082	127,906	(1,378,764)	(1,149,682)
Interest on Long-Term Debt	111,164	-	-	-	(111,164)	(126,155)
Total Governmental Activities	$ 4,409,188	$ 191,707	$ 273,532	$ 127,906	(3,816,043)	(3,230,651)
		GENERAL REVENUES				
		Per Pupil Revenue			3,106,163	2,984,066
		Mill Levy Override			638,701	650,326
		Interest			9,517	7,095
		Other			242,054	5,568
		Unrestricted State Aid			-	171,363
		SPECIAL ITEM				
		Capital Transfer from the District			-	402,887
		TOTAL GENERAL REVENUES			3,996,435	4,221,305
		CHANGE IN NET POSITION			180,392	990,654
		NET POSITION, Beginning			1,994,725	1,004,071
		NET POSITION, Ending			$ 2,175,117	$ 1,994,725

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

COLLEGIATE ACADEMY OF COLORADO

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2024

	GENERAL FUND	
	2024	2023
ASSETS		
Cash and Investments	$ 2,087,935	$ 1,950,022
Restricted Cash and Investments	523,139	169,816
Accounts Receivable	10,406	10,960
TOTAL ASSETS	$ 2,621,480	$ 2,130,798
LIABILITIES AND FUND BALANCES		
LIABILITIES		
Accounts Payable	$ 19,199	$ 14,665
Accrued Salaries and Benefits	212,790	195,716
Unearned Revenues	1,000	-
TOTAL LIABILITIES	232,989	210,381
FUND BALANCES		
Restricted for Emergencies	116,181	106,723
Restricted for Debt Service	402,563	63,094
Unassigned	1,869,747	1,750,600
TOTAL FUND BALANCES	2,388,491	1,920,417
TOTAL LIABILITIES AND FUND BALANCES		
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds.	7,604,408	7,884,398
Long-term liabilities and related assets are not due and payable in the current period and, therefore, are not reported in the funds. This amount is comprised of the building lease ($3,190,000) and accrued interest of ($4,681).	(3,194,681)	(3,290,864)
Long-term liabilities and related assets are not due and payable in the current period and, therefore, are not reported in the funds. This amount is comprised of net pension liability of ($5,698,265), net OPEB liability of ($137,590), deferred outflows related to pensions and OPEB of $1,607,509, deferred inflows related to pensions and OPEB of ($394,755).	(4,623,101)	(4,519,226)
Net position of governmental activities	$ 2,175,117	$ 1,994,725

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

COLLEGIATE ACADEMY OF COLORADO

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2024

	GENERAL FUND	
	2024	2023
REVENUES		
Local Sources	$ 4,270,224	$ 3,822,097
State Sources	319,356	387,004
TOTAL REVENUES	4,589,580	4,209,101
EXPENDITURES		
Current		
Instruction	2,635,334	2,621,109
Supporting Services	1,278,825	1,089,624
Debt Service		
Principal	95,000	400,000
Interest	112,347	126,027
TOTAL EXPENDITURES	4,121,506	4,236,760
NET CHANGE IN FUND BALANCES	468,074	(27,659)
FUND BALANCES, Beginning	1,920,417	1,948,076
FUND BALANCES, Ending	$ 2,388,491	$ 1,920,417

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

COLLEGIATE ACADEMY OF COLORADO

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2024

Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:		
Net Changes in Fund Balances - Total Governmental Funds	$	468,074
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 amount that depreciation expense expense of ($299,399) exceeded capital outlay of $19,409 for the year.		(279,990)
Some expenses reported in the statement of activities do not require current financial resources and are not reported in the funds. These include lease payments of ($95,000) and interest and other fiscal charges of ($1,183).		96,183
Deferred Charges related to pensions are not recognized in the governmental funds. However, for the government-wide funds that amount is capitalized and amortized.		(103,875)
Change in Net Position of Governmental Activities	$	180,392

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

NOTE 1: *SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*

Collegiate Academy of Colorado (the "Academy") was organized pursuant to the Colorado Charter Schools Act to form and operate a charter school within the Jefferson County School District No. R-1 of the State of Colorado.

The accounting policies of the Academy conform to generally accepted accounting principles as applicable to governmental units. Following is a summary of the more significant policies.

Reporting Entity

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

The Academy includes the Collegiate Academy of Colorado Building Foundation (the "Building Foundation") within its reporting entity. The Building Foundation was formed to support and assist the Academy to perform its function and to carry out its purpose, specifically to assist in the financing of the Academy's facilities. The Building Foundation's activity is included in the Academy's General Fund. Separate financial statements are not available for this entity. The Academy is a component unit of Jefferson County School District No. R-1.

Government-Wide and Fund Financial Statements

The Academy's financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the Academy. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by intergovernmental revenues, are reported in a single column.

The statement of activities demonstrates the degree to which the direct expenses of the given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to students or others who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment.

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

Government-Wide and Fund Financial Statements (Continued)

Unrestricted intergovernmental revenues not properly included among program revenues are reported instead as general revenues.

Major individual governmental funds are reported in separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period, not to exceed 60 days. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

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

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

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

The Academy reports the following major governmental funds:

General Fund – This fund is the general operating fund of the Academy. It is used to account for all financial resources except those required to be accounted for in another fund.

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

Assets, Liabilities and Fund Balance/Net Position

Investments – Investments are recorded at fair value.

Capital Assets – Capital assets, which include property and equipment, are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the Academy as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Capital assets are depreciated using the straight-line method over the following estimated useful lives; buildings 30 years, equipment 7 years.

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

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

Long-term Debt – In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as current expenditures.

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

Assets, Liabilities and Fund Balance/Net Position

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

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

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

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

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

- Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The Academy has classified Emergency Reserves as being restricted because their use is restricted by State Statute for declared emergencies. The Academy has also classified fund balance as restricted as is required by the bond agreements.

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

Assets, Liabilities and Fund Balance/Net Position

- Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Directors. These amounts cannot be used for any other purpose unless the Board of Directors removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The Academy did not have any committed resources as of June 30, 2024.

- Unassigned – This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

The Academy would typically use Restricted fund balances first, followed by Committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned fund balance.

Compensated Absences

The Academy's policy allows employees to accumulate sick leave. Upon termination of employment, no financial compensation is paid for unused sick days. Therefore, no liability for accumulated sick leave is reported in the financial statements.

Risk Management

The Academy is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. The District carries commercial insurance for these risks of loss, and bills the Academy for its portion of coverage. Settled claims have not exceeded coverage in the last three years.

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

Comparative Data

Comparative total data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of changes in the Academy's financial position and operations. However, complete comparative data in accordance with generally accepted accounting principles has not been presented since its inclusion would make the financial statements unduly complex and difficult to read. Data in these columns do not present financial position or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

NOTE 2: ***STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY***

Budgets and Budgetary Accounting

A budget is adopted for the General Fund on a basis consistent with generally accepted accounting principles.

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

NOTE 3: ***CASH AND INVESTMENTS***

A reconciliation of the cash and investment components on the balance sheet to the cash and investments categories in this footnote are as follows:

Petty Cash	$ 1,000
Pooled Cash with the District	2,202,831
Investments	407,243
Total Cash and Investments	**$ 2,611,074**

NOTE 3: ***CASH AND INVESTMENTS*** (Continued)

Cash and Investments are reported in the financial statements as follows:

Cash and Investments	$ 2,087,935
Restricted Cash and Investments	523,139
Total	**$ 2,611,074**

Deposits

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. At June 30, 2024, State regulatory commissioners have indicated that all financial institutions holding deposits for the Academy are eligible public depositories. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group.

The market value of the collateral must be at least equal to 102% of the uninsured deposits. The Academy has no policy regarding custodial credit risk for deposits as the deposits are maintained by the District. The District had no deposits as of June 30, 2024.

Pooled Cash with the District

Cash deposits are pooled with the Academy cash and investments which were held by several banking institutions. Pooled investments represent investments in local government investment pools or in money market funds. At June 30, 2024, the Academy's balance in equity in both restricted and unrestricted pooled cash of the District totaled $2,202,831.

Investments

Interest Rate Risk

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

NOTE 3: ***CASH AND INVESTMENTS*** (Continued)

Investments (Continued)

Credit Risk

Colorado statutes specify in which instruments units of local government may invest, which include:

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

The above investments are authorized for all funds and fund types used by Colorado municipalities.

Interest Rate and Credit Risk Policies

The Academy does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates, or a formal policy to limit credit risk. However, they follow state statutes regarding investments.

Fair Value

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant observable inputs

State statutes limit investments in money market funds to those that maintain a constant share price, with a maximum remaining maturity in accordance with Rule 2a-7, and either have assets of one billion dollars or the highest rating issued by a nationally recognized statistical rating organization ("NRSROs").

NOTE 3: ***CASH AND INVESTMENTS*** (Continued)

Investments (Continued)

At June 30, 2024, the Academy had $407,243 invested in a money market fund that was rated AAAm by Standard & Poor's and Aaa-mf by Moody's Investors Service. These investments are valued using Level 1 inputs.

The Academy has no policy for managing credit risk or interest rate risk.

Restricted Cash and Investments

Cash and Investments of $407,243 are restricted in the General Fund for project costs and bond reserves. Cash and Investments of $115,896 are also restricted for emergencies.

NOTE 4: ***CAPITAL ASSETS***

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

	Balance June 30, 2023	Additions	Deletions	Balance June 30, 2024
Governmental Activities				
Capital Assets, not depreciated				
Land	$ 1,244,974	$ -	$ -	$ 1,244,974
Construction in Process	3,719,750	19,409	3,737,750	1,409
Total Capital Assets, not depreciated	4,964,724	19,409	3,737,750	1,246,383
Capital Asset, depreciated				
Building	7,796,609	3,737,750	-	11,534,359
Accumulated Depreciation				
Building	4,876,935	299,399	-	5,176,334
Capital Assets, depreciated, net	2,919,674	3,438,351	-	6,358,025
Total Capital Assets	**$ 7,884,398**	**$ 3,457,760**	**$ 3,737,750**	**$ 7,604,408**

Depreciation in the amount of $299,399, has been charged to the Supporting Services Program of the Academy.

NOTE 5: ACCRUED SALARIES AND BENEFITS

Salaries and retirement benefits of certain contractually employed personnel are paid over a twelve-month period from August to July but are earned during a school year of nine months. The salaries and benefits earned, but unpaid, as of June 30, 2024, were $212,790 in the General Fund.

NOTE 6: *LONG-TERM DEBT*

Following is a summary of the Academy's long-term debt transactions for the year ended June 30, 2024:

	Balance June 30, 2023	Additions	Payments	Balance June 30, 2024	Due In One Year
CECFA 2020	$ 3,285,000	$ -	$ 95,000	$ 3,190,000	$ 95,000
Total	**$ 3,285,000**	**$ -**	**$ 95,000**	**$ 3,190,000**	**$ 95,000**

Building Lease

In December 2020, the Colorado Educational and Facilities Authority (CECFA) issued $4,240,000 Charter School Revenue Bonds, Series 2020. Proceeds from the bonds were used to refund the CECFA Charter School Revenue Bonds Series 2004. The Academy is required to make equal lease payments to the Building Foundation for use of the buildings. The Building Foundation is required to make equal lease payments to the Trustee, for payment of the bonds. Interest accrues at 3.42%. In addition to the required yearly principal payment the Academy makes additional payments at approximately 3.25 times the base payment.

Future debt service requirements are as follows:

Year Ended June 30,	Principal	Interest	Total
2025	$ 95,000	$ 134,406	$ 229,406
2026	100,000	131,157	231,157
2027	105,000	127,737	232,737
2028	105,000	124,146	229,146
2029	110,000	120,555	230,555
2030 - 2031	2,675,000	229,653	2,904,653
Total	**$ 3,190,000**	**$ 867,654**	**$ 4,057,654**

NOTE 7: ***DEFINED BENEFIT PENSION PLAN***

Summary of Significant Accounting Policies

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

General Information about the Pension Plan

Plan description. Eligible employees of the Academy 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/investments/pera-financial-reports.

Benefits provided as of December 31, 2023. 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.

NOTE 7: ***DEFINED BENEFIT PENSION PLAN*** (Continued)

General Information about the Pension Plan (Continued)

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

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

Upon meeting certain criteria, benefit recipients who elect to receive a lifetime retirement benefit generally receive post-retirement cost-of-living adjustments, referred to as annual increases in the C.R.S. Subject to the automatic adjustment provision (AAP) under C.R.S. § 24-51-413, eligible benefit recipients under the PERA benefit structure who began membership before January 1, 2007, and all eligible benefit recipients of the DPS benefit structure will receive the maximum annual increase (AI) or AI cap of 1.00% unless adjusted by the AAP.

Eligible benefit recipients under the PERA benefit structure who began membership on or after January 1, 2007, will receive the lesser of an annual increase of the 1.00% AI cap or the average increase of the Consumer Price Index for Urban Wage Earners and Clerical Workers for the prior calendar year, not to exceed a determined increase that would exhaust 10% of PERA's Annual Increase Reserve (AIR) for the SCHDTF. The AAP may raise or lower the aforementioned AI cap by up to 0.25% based on the parameters specified in C.R.S. § 24-51-413.

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

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.

NOTE 7: ***DEFINED BENEFIT PENSION PLAN*** (Continued)

General Information about the Pension Plan (Continued)

Contributions provisions as of June 30, 2024: Eligible employees of the Academy 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, 2023 through June 30, 2024. Employer contribution requirements are summarized in the table below:

	July 1, 2023 Through June 30, 2024
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 Academy is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from Academy were $446,942 for the year ended June 30, 2024.

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

NOTE 7: ***DEFINED BENEFIT PENSION PLAN*** (Continued)

General Information about the Pension Plan (Continued)

The direct distribution from the State was suspended in 2020. To compensate PERA for the suspension, C.R.S. §§ 24-51-414(6-8) required restorative payment by providing an accelerated payment in 2022. In 2022, the State Treasurer issued payment for the direct distribution of $225 million plus an additional amount of $380 million. Due to the advanced payment made in 2022, the State reduced the distribution in 2023 to $35 million. Additionally, the newly added C.R.S. § 24-51-414(9) providing compensatory payment of $14.561 million for 2023 only.

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, 2023, and the total pension liability (TPL) used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2022. Standard update procedures were used to roll-forward the TPL to December 31, 2023. The Academy's proportion of the net pension liability was based on the Academy's contributions to the SCHDTF for the calendar year 2023 relative to the total contributions of participating employers and the State as a nonemployer contributing entity.

At June 30, 2024, the Academy reported a liability of $5,698,265 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 Academy 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 Academy were as follows:

Academy's proportionate share of the net pension liability	$5,698,265
The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the Academy	125,867
Total	$5,824,132

At December 31, 2023, the Academy's proportion was 0.0322%, which was an increase of 0.0066% from its proportion measured as of December 31, 2022.

NOTE 7: ***DEFINED BENEFIT PENSION PLAN*** (Continued)

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

For the year ended June 30, 2024, the Academy recognized pension expense of $574,567 and revenue of $0 for support from the State as a nonemployer contributing entity. At June 30, 2024, the Academy 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	$270,206	N/A
Changes of assumptions or other inputs	N/A	N/A
Net difference between projected and actual earnings on pension plan investments	408,477	N/A
Changes in proportion and differences between contributions recognized and proportionate share of contributions	685,842	$344,242
Contributions subsequent to the measurement date	224,641	N/A
Total	$1,589,166	$344,242

$224,641 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, 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,	
2025	$341,405
2026	$335,006
2027	$258,471
2028	$85,401
2029	-
Thereafter	-

NOTE 7: ***DEFINED BENEFIT PENSION PLAN*** (Continued)

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

Actuarial assumptions. The TPL in the December 31, 2022, actuarial valuation was determined using the following actuarial cost method, actuarial assumptions, and other inputs:

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

The mortality tables described below are generational mortality tables developed on a benefit-weighted basis. Pre-retirement mortality assumptions were based upon the PubT-2010 Employee Table with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions were based upon 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.

NOTE 7: ***DEFINED BENEFIT PENSION PLAN*** (Continued)

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

Post-retirement non-disabled beneficiary mortality assumptions were based upon 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**.**

Disabled mortality assumptions were based upon the PubNS-2010 Disabled Retiree Table using 99% of the rates for all ages with generational projection using scale MP-2019.

The actuarial assumptions used in the December 31, 2022, 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.

The long-term expected return on plan assets is reviewed as part of regularly scheduled experience studies prepared 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 Experience Study report dated October 28, 2020.

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.

NOTE 7: ***DEFINED BENEFIT PENSION PLAN*** (Continued)

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

The PERA Board first adopted the 7.25% long-term expected rate of return as of November 18, 2016. Following an asset/liability study, the Board reaffirmed the assumed rate of return at the Board's November 15, 2019, meeting, to be effective January 1, 2020. 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	54.00%	5.60%
Fixed Income	23.00%	1.30%
Private Equity	8.50%	7.10%
Real Estate	8.50%	4.40%
Alternatives	6.00%	4.70%
Total	**100.00%**	

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.

NOTE 7: ***DEFINED BENEFIT PENSION PLAN*** (Continued)

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

- 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 commencing July 1, 2018, that is proportioned between the State, School, Judicial, and DPS Division Trust Funds based upon the covered payroll of each Division. The annual direct distribution ceases when all Division Trust Funds are fully funded.

- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.

- The AIR balance was excluded from the initial FNP, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the FNP and the subsequent AIR benefit payments were estimated and included in the projections.

- Benefit payments and contributions were assumed to be made at the middle of the year.

- Beginning with the December 31, 2023, measurement date and thereafter, the FNP as of the current measurement date is used as a starting point for the GASB 67 projection test.

NOTE 7: ***DEFINED BENEFIT PENSION PLAN*** (Continued)

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

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension	$7,619,528	$5,698,265	$4,096,164

Pension plan fiduciary net position. Detailed information about the SCHDTF's FNP is available in PERA's ACFR which can be obtained at www.copera.org/investments/pera-financial-reports.

NOTE 8: ***DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN***

Summary of Significant Accounting Policies

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

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

General Information about the OPEB Plan

Plan description. Eligible employees of the Academy are provided with OPEB through the HCTF—a cost-sharing multiple-employer defined benefit OPEB plan administered by PERA. The HCTF is established under Title 24, Article 51, Part 12 of the Colorado Revised Statutes (C.R.S.), as amended, and sets forth a framework that grants authority to the PERA Board to contract, self-insure, and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of the premium subsidies. Colorado State law provisions may be amended by the Colorado General Assembly. PERA issues a publicly available annual comprehensive financial report (ACFR) that can be obtained at www.copera.org/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 and all retirees under the DPS benefit structure are eligible for a premium subsidy, if enrolled in a health care plan under PERACare. Upon the death of a DPS benefit structure retiree, no further subsidy is paid.

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

NOTE 8: ***DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN*** (Continued)

General Information about the OPEB Plan (Continued)

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

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

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

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

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the Academy is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the Academy were $21,355 for the year ended June 30, 2024.

NOTE 8: ***DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN*** (Continued)

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

At June 30, 2024, the Academy reported a liability of $137,590 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2023, and the total OPEB liability (TOL) used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2022. Standard update procedures were used to roll-forward the TOL to December 31, 2023. The Academy's proportion of the net OPEB liability was based on the Academy's contributions to the HCTF for the calendar year 2023 relative to the total contributions of participating employers to the HCTF.

At December 31, 2023, the Academy's proportion was 0.0193%, which was an decrease of 0.0002% from its proportion measured as of December 31, 2022.

For the year ended June 30, 2024, the Academy recognized OPEB income of $2,395. At June 30, 2024 the Academy 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	N/A	$28,200
Changes of assumptions or other inputs	$1,618	15,780
Net difference between projected and actual earnings on OPEB plan investments	4,255	N/A
Changes in proportion and differences between contributions recognized and proportionate share of contributions	1,155	6,533
Contributions subsequent to the measurement date	11,315	N/A
Total	$18,343	$50,513

NOTE 8: ***DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN*** (Continued)

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

$11,315 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, 2025. 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,	
2025	($7,753)
2026	($7,827)
2027	($7,830)
2028	($8,227)
2029	($6,969)
Thereafter	($4,879)

NOTE 8: ***DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN*** (Continued)

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

Actuarial assumptions. The TOL in the December 31, 2022 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

	School Division
Actuarial cost method	Entry age
Price inflation	2.30%
Real wage growth	0.70%
Wage inflation	3.00%
Salary increases, including wage inflation	
Members other than Safety Officers	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[1]	7.00% in 2023, gradually decreasing to 4.50% in 2033
Medicare Part A premiums	3.50% in 2023, gradually increasing to 4.50% in 2035
DPS benefit structure:	
Service-based premium subsidy	0.00%
PERACare Medicare plans	N/A
Medicare Part A premiums	N/A

[1] UnitedHealthcare MAPD PPO plans are 0% for 2023.

NOTE 8: ***DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN*** (Continued)

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

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

Age-Related Morbidity Assumptions

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

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	$1,692	$1,406	$579	$481	$1,913	$1,589
70	$1,901	$1,573	$650	$538	$2,149	$1,778
75	$2,100	$1,653	$718	$566	$2,374	$1,869

NOTE 8: ***DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN*** (Continued)

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

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	$6,469	$5,373	$4,198	$3,487	$6,719	$5,581
70	$7,266	$6,011	$4,715	$3,900	$7,546	$6,243
75	$8,026	$6,319	$5,208	$4,101	$8,336	$6,563

The 2023 Medicare Part A premium is $506 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. Effective December 31, 2022, the health care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

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

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

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

Year	PERACare Medicare Plans	Medicare Part A Premiums
2023	7.00%	3.50%
2024	6.75%	3.50%
2025	6.50%	3.75%
2026	6.25%	3.75%
2027	6.00%	4.00%
2028	5.75%	4.00%
2029	5.50%	4.00%
2030	5.25%	4.25%
2031	5.00%	4.25%
2032	4.75%	4.25%
2033	4.50%	4.25%
2034	4.50%	4.25%
2035+	4.50%	4.50%

Mortality assumptions used in the December 31, 2022, valuation for the determination of the total pension liability for each of the Division Trust Funds as shown below, reflect generational mortality and were applied, as applicable, in the determination of the TOL for the HCTF, but developed on a headcount-weighted basis. Affiliated employers of the State, School, Local Government and Judicial Divisions participate in the HCTF.

Pre-retirement mortality assumptions for the State and Local Government Divisions (members other than Safety Officers) were based upon the PubG-2010 Employee Table with generational projection using scale MP-2019.

Pre-retirement mortality assumptions for Safety Officers were based upon the PubS-2010 Employee Table with generational projection using scale MP-2019.

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

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

Pre-retirement mortality assumptions for the School Division were based upon the PubT-2010 Employee Table with generational projection using scale MP-2019.

Pre-retirement mortality assumptions for the Judicial Division were based upon the PubG-2010(A) Above-Median Employee Table with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for the State and Local Government Divisions (members other than Safety Officers) were based upon the PubG-2010 Healthy Retiree Table, adjusted as follows:

- Males: 94% of the rates prior to age 80 and 90% of the rates for ages 80 and older, with generational projection using scale MP-2019.

- Females: 87% of the rates prior to age 80 and 107% of the rates for ages 80 and older, with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for Safety Officers were based upon the unadjusted PubS-2010 Healthy Retiree Table, with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for the School Division were based upon 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.

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

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

Post-retirement non-disabled mortality assumptions for the Judicial Division were based upon the unadjusted PubG-2010(A) Above-Median Healthy Retiree Table with generational projection using scale MP-2019.

Post-retirement non-disabled beneficiary mortality assumptions were based upon 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.

Disabled mortality assumptions for members other than Safety Officers were based upon the PubNS-2010 Disabled Retiree Table using 99% of the rates for all ages with generational projection using scale MP-2019.

Disabled mortality assumptions for Safety Officers were based upon the unadjusted PubS-2010 Disabled Retiree Table with generational projection using scale MP-2019.

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, 2022, 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 2023 plan year.

- The morbidity rates used to estimate individual retiree and spouse costs by age and by gender were updated effective for the December 31, 2022, actuarial valuation. The revised morbidity rate factors are based on a review of historical claims experience by age, gender, and status (active versus retired) from actuary's claims data warehouse.

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

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

- The health care cost trend rates applicable to health care premiums were revised to reflect the then current expectation of future increases in those premiums.

Actuarial assumptions pertaining to per capita health care costs and their related trend rates are analyzed and updated annually by PERA Board's actuary, as discussed above.

The actuarial assumptions used in the December 31, 2022, 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.

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 Experience Study report dated October 28, 2020.

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 Board's November 15, 2019, meeting, to be effective January 1, 2020.

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

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

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	54.00%	5.60%
Fixed Income	23.00%	1.30%
Private Equity	8.50%	7.10%
Real Estate	8.50%	4.40%
Alternatives	6.00%	4.70%
Total	**100.00%**	

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

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Initial PERACare Medicare trend rate[1]	5.75%	6.75%	7.75%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	2.50%	3.50%	4.50%
Ultimate Medicare Part A trend	3.50%	4.50%	5.50%
Net OPEB Liability	$133,641	$137,590	$141,886

[1]For the January 1, 2024, plan year.

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

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

Discount rate. The discount rate used to measure the TOL 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:

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2023, measurement date.

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

- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.

- 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.

- Beginning with the December 31, 2023, measurement date and thereafter, the FNP as of the current measurement date is used as a starting point for the GASB 74 projection test.

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

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

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

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 Academy'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 1-percentage-point lower (6.25%) or 1-percentage-point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	$162,511	$137,590	$116,270

OPEB plan fiduciary net position. Detailed information about the HCTF's FNP is available in PERA's ACFR which can be obtained at www.copera.org/investments/pera-financial-reports.

NOTE 9: ***COMMITMENTS AND CONTINGENCIES***

Claims and Judgments

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

Tabor Amendment

In November 1992, Colorado voters passed the Tabor Amendment to the State Constitution, which limits state and local government tax powers and imposes spending limitations. Fiscal year 1993 provides the basis for limits in future years to which may be applied allowable increases for inflation and student enrollment. Revenue received in excess of the limitations may be required to be refunded. The Academy believes it has complied with the Amendment. As required by the Amendment, the Academy has established a reserve for emergencies.

At June 30, 2024, the reserve of $115,896 was recorded as a restriction of fund balance in the General Fund. The District also holds $115,896 in pooled cash on behalf of the Academy for this reserve.

NOTE 10: ***SUBSEQUENT EVENT***

Potential subsequent events were considered through November 20, 2024. It was determined that no events were required to be disclosed through this date.

REQUIRED SUPPLEMENTARY INFORMATION

COLLEGIATE ACADEMY OF COLORADO

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
Year Ended June 30, 2024

	2024			
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2023 ACTUAL
REVENUES				
Local Sources				
Per Pupil Revenue	$ 3,178,339	$ 3,106,163	$ (72,176)	$ 2,984,066
Mill Levy Override	631,066	638,701	7,635	650,326
Charges for Services	300,149	191,707	(108,442)	173,055
Donations	25,500	82,082	56,582	1,987
Interest	25	9,517	9,492	7,095
Other	6,950	242,054	235,104	5,568
State Sources				
Grants and Donations	265,465	319,356	53,891	387,004
TOTAL REVENUES	4,407,494	4,589,580	182,086	4,209,101
EXPENDITURES				
Salaries	2,268,087	2,256,466	11,621	2,183,225
Employee Benefits	686,539	666,902	19,637	766,624
Purchased Services	758,690	888,812	(130,122)	659,692
Supplies and Materials	106,831	83,979	22,852	95,444
Property	5,500	18,000	(12,500)	5,748
Contingency	1,604,065	-	1,604,065	-
Debt Service				
Principal	405,000	95,000	310,000	400,000
Interest	112,347	112,347	-	126,027
TOTAL EXPENDITURES	5,947,059	4,121,506	1,825,553	4,236,760
NET CHANGE IN FUND BALANCE	(1,539,565)	468,074	2,007,639	(27,659)
FUND BALANCE, Beginning	1,920,419	1,920,417	(2)	1,948,076
FUND BALANCE, Ending	$ 380,854	$ 2,388,491	$ 2,007,637	$ 1,920,417

See the accompanying independent auditors' report.

COLLEGIATE ACADEMY OF COLORADO

SCHEDULE OF THE SCHOOL'S PROPORTIONATE SHARE
SCHOOL DIVISION TRUST FUIND

Years Ended December 31,

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
School's proportionate share of the Net Pension Liability	0.0032%	0.0316%	0.0314%	0.0360%	0.0324%	0.0322%	0.0382%	0.0344%	0.0256%	0.0322%
School's Net Pension Liability	$ 4,372,668	$ 4,831,703	$ 9,361,736	$ 11,086,800	$ 5,608,841	$ 4,811,252	$ 5,770,825	$ 3,838,704	$ 4,669,067	$ 5,698,265
State of Colorado's Proportionate Share of the Net Pension Liability associated with the School	-	-	-	-	766,931	610,246	-	395,386	396,750	125,867
Total portion of the Net Pension Liability associated with the School	4,372,668	4,831,703	9,361,736	11,086,800	6,375,772	5,421,498	5,770,825	4,234,090	5,065,817	5,824,132
School's covered payroll	$ 1,336,582	$ 1,332,875	$ 1,342,591	$ 1,527,549	$ 1,793,137	$ 1,826,186	$ 1,900,426	$ 1,909,816	$ 1,983,984	$ 2,093,642
School's proportionate share of the Net Pension Liability as a percentage of its covered payroll	327.2%	362.5%	697.3%	725.8%	355.6%	296.9%	303.7%	221.7%	255.3%	278.2%
Plan fiduciary net position as a percentage of the total pension liability	62.8%	59.2%	43.1%	44.0%	57.0%	64.5%	67.0%	74.9%	61.8%	64.7%

See the accompanying independent auditors' report.

COLLEGIATE ACADEMY OF COLORADO

SCHEDULE OF THE SCHOOL'S CONTRIBUTIONS
SCHOOL DIVISION TRUST FUND

Years Ended June 30,

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Statutorily required contributions	$ 246,918	$ 245,932	$ 277,222	$ 338,437	$ 343,022	$ 393,928	$ 399,442	$ 417,797	$ 433,934	$ 446,942
Contributions in relation to the Statutorily required contributions	246,918	245,932	277,222	338,437	343,022	393,928	399,442	417,797	433,934	446,942
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
School's covered payroll	$ 1,358,344	$ 1,320,391	$ 1,378,115	$ 1,659,562	$ 1,793,137	$ 1,901,726	$ 1,871,005	$ 1,978,837	$ 2,004,323	$ 2,093,642
Contributions as a percentage of covered payroll	18.18%	18.63%	20.12%	20.39%	19.13%	20.71%	21.35%	21.11%	21.65%	21.35%

See the accompanying independent auditors' report.

COLLEGIATE ACADEMY OF COLORADO

SCHEDULE OF THE SCHOOL'S PROPORTIONATE SHARE
HEALTH CARE TRUST FUND

Years Ended December 31,

	2016	2017	2018	2019	2020	2021	2022	2023
School's proportionate share of the Net OPEB Liability	0.017%	0.019%	0.021%	0.021%	0.022%	0.034%	0.020%	0.019%
School's proportionate share of the Net OPEB Liability	$ 227,771	$ 253,175	$ 280,128	$ 236,568	$ 209,804	$ 185,719	$ 159,108	$ 137,590
School's covered payroll	$ 1,342,591	$ 1,527,549	$ 1,793,137	$ 1,826,186	$ 1,900,426	$ 1,909,816	$ 1,983,984	$ 2,093,642
School's proportionate share of the Net OPEB Liability as a percentage of its covered payroll	17.0%	16.6%	15.6%	13.0%	11.0%	9.7%	8.0%	6.6%
Plan fiduciary net position as a percentage of the total OPEB liability	16.72%	17.53%	16.70%	24.49%	32.78%	39.40%	38.57%	46.16%

See the accompanying independent auditors' report.

COLLEGIATE ACADEMY OF COLORADO

SCHEDULE OF THE SCHOOL'S CONTRIBUTIONS
HEALTH CARE TRUST FUND

Years Ended June 30,

	2017	2018	2019	2020	2021	2022	2023	2024
Statutorily required contributions	$ 14,057	$ 16,928	$ 18,290	$ 19,398	$ 19,084	$ 20,184	$ 20,444	$ 21,355
Contributions in relation to the Statutorily required contributions	14,057	16,928	18,290	19,398	19,084	20,184	20,444	21,355
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
School's covered-employee payroll	$ 1,378,115	$ 1,659,562	$ 1,793,137	$ 1,901,726	$ 1,871,005	$ 1,978,837	$ 2,004,323	$ 2,093,642
Contributions as a percentage of covered-employee payroll	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%

See the accompanying independent auditors' report.