ACADEMY CHARTER SCHOOL

FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

ACADEMY CHARTER SCHOOL
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THE ADAMS GROUP, LLC
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

Board of Directors
Academy Charter School
Castle Rock, Colorado

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the Academy Charter School (the School) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Academy Charter School, as of June 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

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

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therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Required Supplementary Information

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

The Adams Group, LLC

Denver, Colorado
October 27, 2023

As management of Academy Charter School (ACS or the School), we offer readers of Academy Charter School's financial statements our narrative overview and analysis of the financial activities of the School for the fiscal year ended June 30, 2023.

Financial Highlights

The year ended June 30, 2023, is the twenty-nineth year of operations for ACS. As of June 30, 2023, net position increased by $901,410 to $289,520. The increase in net position in the current year is attributed to contributed assets by the Douglas County School District during the year ended June 30, 2023.

The operations of the School are funded primarily by per pupil funding received under the Colorado School Finance Act. Per pupil revenue for the year was $6,087,903. At the close of the fiscal year, the School's governmental funds reported a combined ending fund balance of $6,217,447, a decrease of $36,134 from the prior year. The decrease is a result of an increase in salaries and benefits when compared to the prior fiscal year.

Overview of the Financial Statements

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

Government-Wide Financial Statements

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

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

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

The government-wide statement of activities distinguishes functions/programs of the school supported primarily by per pupil revenue or other revenues passed through from the authorizer (Douglas County School District). The governmental activities of the School include instruction and supporting services.

Fund Financial Statements
A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School, like other governmental units or schools, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Governmental Funds. The school has two 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 funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The school adopts annually appropriated budgets for all governmental funds. A budgetary comparison schedule for each governmental fund has been provided herein.

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 in pages 15 – 47.

Government-Wide Financial Analysis
As previously noted, net position may serve over time as a useful indicator of the School's financial position. In the case of the School, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources resulting in a net position of $289,520 for the year ended June 30, 2023. The increase in the current year is a result of contributed capital assets and pension income in the current year related to the pension reporting requirements under GASB Statement No. 68. Of the School's total net position, $223,000 is restricted to comply with Article X, Section 20 of the Colorado Constitution, known as the TABOR Amendment and an additional $620,682 is restricted for purposes of debt service. Accordingly, these funds are not available to satisfy the School's general operating expenses.

Academy Charter School's Statement of Net Position
Governmental Activities

		2023		2022
Assets				
Current and other assets	$	6,569,927	$	6,553,601
Capital assets		6,454,409		6,071,887
Total Assets		13,024,336		12,625,488
Deferred Outflows of Resources				
Loss on refunding		336,216		360,231
Related to pension		1,883,513		1,685,196
Related to OPEB		41,378		27,378
Total Deferred Outflows of Resources		2,261,107		2,072,805
Liabilities				
Current and other liabilities		639,723		577,672
Noncurrent liabilities		12,806,663		11,131,398
Total Liabilities		13,446,386		11,709,070
Deferred Inflows of Resources				
Related to pension		1,437,015		3,475,927
Related to OPEB		112,522		125,186
Total Deferred Outflows of Resources		1,549,537		3,601,113
Net Position				
Net investment in capital assets		2,155,614		1,527,748
Restricted:				
Emergencies		223,000		206,500
Debt service		620,682		598,048
Unrestricted		(2,709,776)		(2,944,186)
Total Net Position	$	289,520	$	(611,890)

The largest portion of the School's assets consists of capital assets, at 49.5% of total assets as of June 30, 2023. In addition, the increase in noncurrent liabilities from 2022 to 2023 is a result of a increase in the net pension liability as outlined in Note 8 to the financial statements.

Academy Charter School's Statement of Activities
Governmental Activities

	2023	2022
Program revenue:		
Charges for services	$ 74,887	$ 138,648
Operating grants and contributions	187,561	214,690
Capital grants and contributions	879,273	197,841
Total program revenue	1,141,721	551,179
General revenue:		
Per pupil revenue	6,087,903	5,704,718
Mill levy revenue	854,895	794,338
Investment earnings	85,303	13,068
Other	145,864	85,238
Total general revenue	7,173,965	6,597,362
Total revenue	8,315,686	7,148,541
Expenses:		
Current:		
Instruction	4,303,604	2,153,050
Supporting services	2,918,915	1,522,950
Interest and fiscal charges	191,757	201,767
Total expenses	7,414,276	3,877,767
Change in net position	901,410	3,270,774
Net Position, Beginning (as restated)	(611,890)	(3,882,664)
Net Position, Ending	$ 289,520	$ (611,890)

The largest portion of the School's revenues came from per pupil revenue – 73% in 2023.

Financial Analysis of the Government's Funds
As noted earlier, the School uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

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

As of the end of the current year, the School's General fund reported an ending fund balance of $5,566,687, a decrease of $57,406 from the prior year. The decrease is a result of increase in salaries and benefits when compared to the prior year. Unassigned fund balance increased $107,951 due to a decrease in nonspendable fund balance when compared to the prior year.

As of the end of the current year, the School's Special Revenue fund reported an ending fund balance of $650,760, an increase of $21,272 from the prior year.

General Fund Budgetary Highlights
The School approves a budget no later than June, based on enrollment projections for the following school year. Adjustments are made to the budget in October after enrollment stabilizes. The School approves an amended and/or supplemental budget during the year. Original General Fund budget (including transfers) was $7,407,359 and was adjusted to $7,919,839. Actual expenditures, including transfers out, were below budgeted expenditures by $133,623.

The Special Revenue Fund had final budgeted expenditures of $443,950. Actual expenditures were under budget by $5,000.

Capital Assets and Debt Administration
Capital Assets: Including the building and land of the School, capital assets net of accumulated depreciation was $6,454,409. Depreciation expenses for capital assets are booked under the Supporting Services expense function within the Statement of Activities.

Long-term Debt: The School participates in a long-term lease agreement with the Castle Rock Lifelong Learning Center. As of June 30, 2023, the School had $5,081,711 in outstanding debt (including the outstanding premium).

Economic Factors and Next Year's Budget
The primary factor driving the budget for Academy Charter School is student enrollment. Enrollment for the 2022 – 2023 school year was 751 funded students based on the Colorado Department of Education student count. This information was analyzed as part of the 2023 – 2024 budget which is projecting a 665 funded student count (full and part time).

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

Academy Charter School
1551 Prairie Hawk Drive
Castle Rock, CO 80109

BASIC FINANCIAL STATEMENTS

ACADEMY CHARTER SCHOOL
STATEMENT OF NET POSITION
JUNE 30, 2023

	Governmental Activities
Assets	
Cash and investments	$ 5,854,018
Restricted cash and investments	628,517
Accounts receivable	29,899
Prepaid items	57,493
Capital assets, not depreciated	1,586,258
Capital assets, net of depreciation	4,868,151
Total Assets	13,024,336
Deferred Outflows of Resources	
Loss on refunding	336,216
Related to pension	1,883,513
Related to OPEB	41,378
Total Deferred Outflows of Resources	2,261,107
Liabilities	
Accounts payable	13,293
Accrued salaries and benefits	339,037
Accrued interest	7,835
Unearned revenue	150
Noncurrent liabilities:	
Due within one year	279,408
Due in more than one year	4,802,303
Pension liability	7,740,879
OPEB liability	263,481
Total Liabilities	13,446,386
Deferred Inflows of Resources	
Related to pension	1,437,015
Related to OPEB	112,522
Total Deferred Inflows of Resources	1,549,537
Net Position	
Net investment in capital assets	2,155,614
Restricted:	
Emergencies	223,000
Debt service	620,682
Unrestricted	(2,709,776)
Total Net Position	$ 289,520

See accompanying Notes to Financial Statements.

ACADEMY CHARTER SCHOOL
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities
Governmental Activities:					
Instruction	$ 4,303,604	$ -	$ 187,561	$ -	$ (4,116,043)
Supporting services	2,918,915	74,887	-	879,273	(1,964,755)
Interest and fiscal charges	191,757	-	-	-	(191,757)
Total Governmental Activities	$ 7,414,276	$ 74,887	$ 187,561	$ 879,273	(6,272,555)

GENERAL REVENUES:	
Per pupil revenue	6,087,903
Mill levy override	854,895
Investment earnings	85,303
Other	145,864
Total general revenues	7,173,965
Change in net position	901,410
Net Position, Beginning	(611,890)
Net Position, Ending	$ 289,520

See accompanying Notes to Financial Statements.

ACADEMY CHARTER SCHOOL
BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2023

	General Fund	Special Revenue Fund	Total Governmental Funds
Assets			
Cash and investments	$ 5,830,775	$ 23,243	$ 5,854,018
Restricted cash and investments	-	628,517	628,517
Accounts receivable	29,899	-	29,899
Prepaid items	57,493	-	57,493
Total Assets	$ 5,918,167	$ 651,760	$ 6,569,927
Liabilities and fund balances			
Liabilities:			
Accounts payable	$ 12,293	$ 1,000	$ 13,293
Accrued salaries and benefits	339,037	-	339,037
Unearned revenue	150	-	150
Total Liabilities	351,480	1,000	352,480
Fund balances:			
Nonspendable			
Prepaid items	57,493	-	57,493
Restricted:			
Emergencies	223,000	-	223,000
Debt service	-	628,517	628,517
Committed:			
Board committed	50,000	-	50,000
Scholarship	-	22,243	22,243
Assigned			
Capital Reserve	4,200,000	-	4,200,000
Unassigned	1,036,194	-	1,036,194
Total Fund Balances	5,566,687	650,760	6,217,447
Total Liabilities and Fund Balances	$ 5,918,167	$ 651,760	$ 6,569,927

See accompanying Notes to Financial Statements.

ACADEMY CHARTER SCHOOL
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2023

Total fund balance, governmental funds	$ 6,217,447
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 governmental funds.	6,454,409
Long-term liabilities, including loans payable are not due and payable in the current period, and therefore, are not reported in governmental funds.	
Bonds payable	(4,740,000)
Premium on bonds payable	(341,711)
Accrued interest payable	(7,835)
OPEB liability	(263,481)
Net pension liability	(7,740,879)
Deferred outflows of resources used in governmental activities are not financial resources and, therefore, are not reported in governmental funds.	
Related to pension	1,883,513
Related to OPEB	41,378
Loss on refunding	336,216
Deferred inflows of resources used in governmental activities are not financial resources and, therefore, are not reported in governmental funds.	
Related to pension	(1,437,015)
Related to OPEB	(112,522)
Total net position of governmental activities	$ 289,520

See accompanying Notes to Financial Statements.

ACADEMY CHARTER SCHOOL
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	General Fund	Special Revenue Fund	Total Governmental Funds
Revenues			
Local sources	$ 7,073,953	$ -	$ 7,073,953
Federal and state sources	497,351	-	497,351
Investment earnings	67,910	17,393	85,303
Other	89,596	-	89,596
Total revenues	7,728,810	17,393	7,746,203
Expenditures			
Current			
Instruction	4,556,390	-	4,556,390
Supporting services	2,265,427	1,000	2,266,427
Capital outlay	521,570	-	521,570
Debt Service:			
Principal	-	245,000	245,000
Interest and other charges	-	192,950	192,950
Total expenditures	7,343,387	438,950	7,782,337
Excess (deficiency) of revenues over expenditures	385,423	(421,557)	(36,134)
Other financing sources and (uses)			
Transfers in	-	442,829	442,829
Transfers out	(442,829)	-	(442,829)
Total other financing sources and (uses)	(442,829)	442,829	-
Net change in fund balances	(57,406)	21,272	(36,134)
Fund Balances - Beginning	5,624,093	629,488	6,253,581
Fund Balances - Ending	$ 5,566,687	$ 650,760	$ 6,217,447

See accompanying Notes to Financial Statements.

ACADEMY CHARTER SCHOOL
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

Net change in fund balances - total governmental funds:	$	(36,134)
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays to purchase or construct capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are capitalized in the statement of net position and are allocated over their estimated useful lives as annual depreciation expense in the statement of activities.		
Capital outlay		70,948
Contributed assets		642,389
Depreciation expense		(330,815)
The issuance of long-term debt provides current financial resources to funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.		
Principal payments		245,000
Governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, were as these amounts are deferred and amortized in the statement of activities.		
Amortization of premium		24,408
Amortization of loss on refunding		(24,015)
Interest payable on debt is not recorded on the fund statements because it is not a current use of cash. Interest is accrued on the government-wide statements and amount represents change in accrued interest from prior year.		800
Some items reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. The (increases) decreases in these activities consist of:		
OPEB income		42,362
Pension income		266,467
Change in net position of governmental activities	$	901,410

See accompanying Notes to Financial Statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Academy Charter School (the "School") was formed in 1993 pursuant to the Colorado Charter Schools Act to form and operate a charter school within Douglas County School District, No. Re 1 (the District). The School receives the majority of its revenues from the District. A charter school is part of a local school district that is a political subdivision of the State of Colorado.

The accounting policies of the School conform to generally accepted accounting principles applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standards setting body for establishing governmental accounting and financial reporting principles. Following is a summary of the more significant policies.

Reporting Entity

The School is a component unit of the District which grants the charter and provides the majority of the funding to the School. The financial reporting entity consists of the School and organizations for which the School is financially accountable. All funds, organizations, institutions, agencies, departments, and offices that are not legally separate are part of the School. In addition, any legally separate organizations for which the School is financially accountable are considered part of the reporting entity.

As required by accounting principles generally accepted in the United States of America, these basic financial statements present the financial activities of the School and its component unit. A component unit is a legally separate organization for which the School is financially accountable or that provides services to the School. The School follows the GASB accounting pronouncements, which provide guidance for determining the governmental activities, organizations, and functions that should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization's governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency. Based upon the application of these criteria, the following organization is included in the School's reporting entity.

Castle Rock Lifelong Learning Center (CRLLC)

CRLLC is a not-for-profit organization as defined by Section 501(c)(3) of the internal revenue code. The purpose of the CRLLC is to provide a mechanism to issue and pay debt on behalf of the School.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Castle Rock Lifelong Learning Center (CRLLC) (continued)

The CRLLC is considered to be part of the School's for financial reporting purposes because its resources are entirely for the direct benefit of the School and is blended into the School's financial statements as a special revenue fund. As part of its ongoing responsibilities, the CRLLC provides the School with monthly financial statements. CRLLC does not prepare separate financial statements.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the School. 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. Unrestricted intergovernmental revenues not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements

The accounts of the School are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures. Resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The major funds presented in the accompanying basic financial statements are as follows:

Major Governmental Funds

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

Special Revenue Fund – This fund is used to account for the activity of CRLLC, funded primarily from transfers from the general fund.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. 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. With this measurement focus, operating statements present increases and decreases in net current assets and fund balance as a measure of available spendable resources. This means that only current liabilities are generally included on their balance sheets.

All governmental funds use the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Measurable means the amount of the transaction can be determined and available means collectible within the current period, or soon thereafter, to pay liabilities of the current period. Revenues are considered to be available if collected within 60 days after year-end.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the accrual criteria have been met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met, subject to the availability criteria.

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 School's policy to use restricted resources first and then unrestricted resources, as they are needed.

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

Cash & Investments – Investments are reported net asset value or amortized cost depending on the type of investment.

Receivables – Receivables consists primarily of amounts owed from state and local governments and other local entities. They are reported at their gross value, and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Prepaid Items – Certain payments to vendors reflect costs applicable to future years and are reported as prepaid items. Prepayments are recorded using the consumption method where services are allocated over appropriate service periods.

Capital Assets - Capital assets, which include land, construction in progress, the School's building and building improvements, and property and equipment, are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the School 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 acquisition cost or estimated acquisition cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

Depreciation of exhaustible capital assets is charged as an expense against operations, and accumulated depreciation is reported on the statement of net position in the government-wide financial statements. Capital assets of the School are depreciated over an estimated useful life ranging from 10 to 45 years.

Deferred Outflows of Resources – The School's governmental activities report a separate section for deferred outflows of resources. This separate financial statement element reflects an increase in net position that applies to a future period. The School reports deferred outflows of resources related to GASB Statement Nos. 68 and 75 and a deferred loss on refunding. See Notes 6, 8 and 9 for additional information.

Long-Term Debt – In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. 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/expenses.

Net Pension Liability – The School's governmental activities report a net pension liability as of June 30, 2023. The School is required to report their proportionate share of PERA's unfunded pension liability. See Note 8 for additional information.

Postemployment Benefits Other Than Pensions (OPEB) – For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Health Care Trust Fund (HCTF) administered by the Public Employees' Retirement

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Association of Colorado (PERA) and additions to/deductions from the HCTF's fiduciary net position have been determined on the same basis as they are reported by the HCTF. For this purpose, the HCTF recognizes benefit payments when due and payable in accordance with benefit terms. Investments are reported at fair value. See Note 9 for additional information.

Deferred Inflows of Resources – The School's governmental activities report a separate section for deferred inflows of resources. This separate financial statement element reflects a decrease in net position that applies to a future period. The School reports deferred inflows of resources related to GASB Statement Nos. 68 and 75. See Notes 8 and 9 for additional information.

Net Position – In the government-wide financial statements, net position is restricted when constraints placed on the net position are externally imposed. The School's net position was $289,520 as of June 30, 2023.

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 School is bound to honor constraints on the specific purposes for which amounts in the respective governmental fund can be spent. The classifications used in the governmental fund financial statements are as follows:

Nonspendable - This classification includes amounts that cannot be spent either because they are not in a spendable form or because they are legally or contractually required to be maintained intact. The School had $57,493 in nonspendable resources as of June 30, 2023.

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 School has classified Emergency Reserves as being restricted because their use is restricted by State Statute for declared emergencies. Restricted balance related to Emergency Reserves as of June 30, 2023, is $223,000. The Special Revenue Fund has debt service restrictions totaling $628,517 as of June 30, 2023, due to the Series 2016 Bonds.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the board of 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 (i.e. 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 School has $50,000 reported as committed in the general fund for Board commitments and $22,243 committed as of June 30, 2023, for the School's Lifelong Learning Scholarship.

Assigned – This classification includes amounts that are subject to a purpose constraint that represents an intended use but does not meet the criteria to be classified as restricted or committed. Only the Board may assign fund balances for specific purposes. The purpose of this assignment must be narrower than the purpose of the general fund, and in funds other than the general fund, assigned fund balance represents the residual amount of fund balance. The School reported assigned fund balance of $4,200,000 for capital reserve as of June 30, 2023.

Unassigned – This classification includes the residual fund balance for the General Fund.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the School considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned or unassigned fund balances are available, the School considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board has provided otherwise in its commitment or assignment actions.

Current Year GASB Pronouncements

For the year ended June 30, 2023, the School adopted the provisions of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements,* which is effective for financial statement periods beginning after June 15, 2022. The statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements for governments. For the year ended June 30, 2023, the implementation of the new standard had no material impact on the School.

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets and Budgetary Accounting

A budget is adopted for the general fund and special revenue fund for fiscal year 2023, on a basis consistent with generally accepted accounting principles.

Management submits to the Board of Directors a proposed budget for the fiscal year commencing the following July 1st. The budget is adopted by the Board of Directors prior to June 30th. The budget and supplemental appropriations are submitted to the District.

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

Cash and investments as of June 30, 2023, consist of the following:

Cash deposits	$	840,127
Restricted investments		628,517
Investments		5,013,891
Total	$	6,482,535

Cash Deposits

The School's deposits are governed by Colorado Statute. The Colorado Public Deposit Protection Act (PDPA) requires that all units of local governments deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all uninsured public deposits as a group is to be maintained by another institution or held in trust. The fair value of the collateral must be at least equal to 102% of the uninsured deposits. The State Regulatory Commissions for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

At June 30, 2023, the School had deposits with financial institutions with a carrying amount of $840,127. The bank balances with the financial institutions were $903,828 all of which was covered by federal depository insurance or collateralized under PDPA.

NOTE 3 – CASH AND INVESTMENTS (CONTINUED)

Investments

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest, which include:

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

Investments at June 30, 2023, consist of the following:

Local government investment pools	$ 895,911
Money market funds	4,746,497
Total	$ 5,642,408

Interest Rate Risk

The School 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.

Credit Risk

State law limits investments for school districts to U.S. Treasury issues, other federally backed notes and credits, and other agency offerings without limitation. Other investment instruments including bank obligations, general obligation bonds, and commercial paper are limited to at least one of the highest rating categories of at least one nationally recognized rating agency. State law further limits investments in money market funds that are organized according to the Federal Investment Company Act of 1940, as specified in rule 2a-7, as amended, as long as such rule does not increase remaining maturities beyond a maximum of three years.

NOTE 3 – CASH AND INVESTMENTS (CONTINUED)

Investments (continued)

Investments in these funds require that the institutions have assets in excess of $1 billion or the highest credit rating from one or more of a nationally recognized rating agency.

Concentration of Credit Risk

State statutes do not limit the amount the School may invest in one issuer, except for corporate securities.

Federated Treasury Obligations

At June 30, 2023, the School invested $628,517 in the MSILF Treasury Fund #8354, a money market mutual fund which, complies with the Rule 2a-7 definition of a government money market fund. The Fund is rated AAAm by Standard & Poor’s and is valued at amortized cost. Based on the valuation method, additional disclosures are not required under fair value hierarchy.

Money Market Funds

At June 30, 2023, the School invested $4,117,980 with Independent Bank in a high yield index money market fund, which complies with Rule 2a-7 definition of a money market fund. The Fund is rated AAAm by Standard & Poor’s and is valued at amortized cost. Based on the valuation method, additional disclosures are not required under fair value hierarchy.

Local Government Investment Pools

The School had invested $895,911 in the Colorado Government Liquid Asset Trust (ColoTrust) (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund and each share is equal in value to $1.00. The Trust offers shares in three portfolios, COLOTRUST PRIME, COLOTRUST PLUS+, COLOTRUST Edge. All portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and any security allowed under CRS 24-75-601. A designated custodial bank serves as custodian for the Trust’s portfolios pursuant to a custodian agreement.

NOTE 3 – CASH AND INVESTMENTS (CONTINUED)

Local Government Investment Pools (continued)

The custodian acts as safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. COLOTRUST is rated AAAm by Standard & Poor's. COLOTRUST records investments at fair value and the School records investments in COLOTRUST at net asset value. There are no unfunded commitments, the redemption frequency is daily, and there is no redemption period.

Restricted Cash and Investments

Investments in the amount of $628,517 are restricted in the special revenue fund for debt service requirements, as a result of the Series 2016 bond issuance. This balance is made up of accounts set up for the payment of principal and interest in the amount of $181,817. In addition, the School is required to maintain a bond reserve account of $446,700. At June 30, 2023, this account had a balance of $446,700.

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2023, is summarized below:

	Balances June 30, 2022	Additions	Deletions	Balances June 30, 2023
Governmental Activities:				
Capital Assets, Not Being Depreciated				
Land	$ 1,354,756	$ -	$ -	$ 1,354,756
Construction in progress	80,290	268,012	116,800	231,502
Total capital assets, not depreciated	1,435,046	268,012	116,800	1,586,258
Capital Assets, Being Depreciated				
Buildings and improvements	7,455,171	533,453	49,245	7,939,379
Land improvements	1,127,166	-	-	1,127,166
Equipment	64,411	28,672	-	93,083
Total capital assets, depreciated	8,646,748	562,125	49,245	9,159,628
Accumulated depreciation				
Buildings and improvements	3,151,142	261,950	49,245	3,363,847
Land improvements	837,134	61,578	-	898,712
Equipment	21,631	7,287	-	28,918
Total accumulated depreciation	4,009,907	330,815	49,245	4,291,477
Net capital assets, depreciated	4,636,841	231,310	-	4,868,151
Net capital assets	$ 6,071,887	$ 499,322	$ 116,800	$ 6,454,409

NOTE 4 – CAPITAL ASSETS (CONTINUED)

Depreciation of $330,815 has been charged to the Supporting Services function of the School.

NOTE 5 – ACCRUED SALARIES AND BENEFITS

Salaries and retirement benefits of certain contractually employed personnel are paid over a twelve-month period from July - June but are earned during a school year of ten months. The salaries and benefits earned, but unpaid, as of June 30, 2023, were $339,037 as reported in the general fund.

NOTE 6 – LONG-TERM DEBT

Following is a summary of the School's long-term debt transactions for the year ended June 30, 2023:

	Balances June 30, 2022	Additions	Deletions	Balances June 30, 2023	Due In One Year
Bond payable - Series 2016	$ 4,985,000	$ -	$ 245,000	$ 4,740,000	$ 255,000
Bond premium	366,119	-	24,408	341,711	24,408
Total	$ 5,351,119	$ -	$ 269,408	$ 5,081,711	$ 279,408

2016 Bonds Payable

In May 2016, the Colorado Education and Facilities Authority (CECFA) issued $6,125,000 Charter School Revenue Refunding Bonds, Series 2016A and $85,000 Taxable Charter School Revenue Refunding Bonds, Series 2016B. Proceeds from the bonds were used to advance refund the CECFA's outstanding 2006 Bonds. The School is required to make lease payments to the CRLLC for the use of the building. The CRLLC is required to make equal lease payments to the Trustee, for payment of the bonds. The bonds are subject to redemption prior to maturity, at the option of the Authority, as a whole or in part in authorized denominations on December 15, 2026, and any date thereafter, upon direction by the Corporation and upon payment of par plus accrued interest through the date of redemption. Interest accrues at a rate ranging from 1.75% to 5.0% per year. Interest payments are due semi-annually on June 15 and December 15. Principal payments are due annually on December 15, through 2036.

See Note 3 for certain restricted cash reserves to be maintained relating to the School's bonds payable.

The principal balance outstanding on the bonds at June 30, 2023, was $4,740,000. Future debt service requirements to maturity for the long-term debt transactions are as follows:

NOTE 6 – LONG-TERM DEBT (CONTINUED)

Year ended June 30,	Principal	Interest	Total
2024	$ 255,000	$ 182,950	$ 437,950
2025	265,000	172,550	437,550
2026	275,000	161,750	436,750
2027	290,000	150,450	440,450
2028	300,000	138,650	438,650
2029 - 2033	1,720,000	460,325	2,180,325
2034 - 2037	1,635,000	108,714	1,743,714
Total	$ 4,740,000	$ 1,375,389	$ 6,115,389

NOTE 7 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of June 30, 2023, is as follows:

	Transfer Out	Transfer In	Amount
Interfund transfers:	General Fund	Special Revenue Fund	$ 442,829

Interfund transfer activity relates to the School's general fund subsidizing debt service payments to the Special Revenue Fund for payment of the School's bonds payable as discussed in Note 6.

NOTE 8 – DEFINED BENEFIT PENSION PLAN

Summary of Significant Accounting Policies

Pensions: The School participates in the School Division Trust Fund (SCHDTF), a cost-sharing multiple-employer defined benefit pension fund administered by the Public Employees' Retirement Association of Colorado (PERA). The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position 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 School are provided with pensions through the School Division Trust Fund (SCHDTF) – a cost-sharing multiple-employer defined benefit pension plan administered by PERA.

NOTE 8 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

General Information about the Pension Plan (continued)

Plan benefits are specified in Title 24, Article 51 of the Colorado Revised Statutes (C.R.S), administrative rules are 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, 2022: 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 (HAS) multiplied by 2.5 percent and then multiplied by years of service credit.

- The value of the retiring employee's member contribution account plus a 100 percent match on eligible amounts as of the retirement date. This amount is then annualized into a monthly benefit based on life expectancy and other actuarial factors.

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

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

Upon meeting certain criteria, benefit recipients who elect to receive a lifetime retirement benefit generally receive post-retirement cost-of-living adjustments, referred to as annual increases in the C.R.S.

NOTE 8 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

General Information about the Pension Plan (continued)

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 LGDTF. The AAP may raise or lower the aforementioned AI cap by up to 0.25% based on the parameters specified in C.R.S. § 24-51-413.

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

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

Contributions provisions as of June 30, 2023: Eligible employees of the School and the State are required to contribute to the SCHDTF at a rate set by Colorado statute. The contribution requirements for the SCHDTF are established under C.R.S. § 24-51-401, et seq and § 24-51-413. Eligible employees are required to contribute 11.4 percent of their PERA-includable salary during the period of July 1, 2022 through June 30, 2023. Employer contribution requirements are summarized in the table below:

NOTE 8 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

General Information about the Pension Plan (continued)

	July 1, 2022 Through December 31, 2022
Employer Contribution Rate	11.40 %
Amount of Employer Contribution Apportioned to the health Care Trust Fund as Specified in C.R.S. § 24-51-208(1)(f)	(1.02)%
Amount Apportioned to the SCHDTF	10.38 %
Amortization Equalization Disbursement (AED) as Specified in C.R.S. § 24-51-411	4.50 %
Supplemental Amortization Equalization Disbursement (SAED) as Specified in C.R.S. § 24-51-411	5.50 %
Total Employer Contribution Rate to the SCHDTF	20.38 %

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

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the School is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF for the School were $709,634 for the year ended June 30, 2023.

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 $225 million (actual dollars) 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. In addition to the $225 million (actual dollars) direct distribution due July 1, 2022, House Bill (HB) 22-1029, instructs the State treasurer to issue a warrant to PERA in the amount of $380 million (actual dollars), upon enactment, with reductions to future direct distributions scheduled to occur July 1, 2023, and July 1, 2024.

NOTE 8 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources

The net pension liability for the SCHDTF was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021. Standard updated procedures were used to roll-forward the total pension liability to December 31, 2022. The School's proportion of the net pension liability was based on the School's contributions to the SCHDTF for the calendar year 2022 relative to the total contributions of participating employers and the State as a nonemployer contributing entity.

At June 30, 2023, the School reported a liability of $7,740,879 for its proportionate share of the net pension liability that reflected a reduction for support from the State as a nonemployer contributing entity. The amount recognized by the School as its proportionate share of the net pension liability, the related support from the State as a nonemployer contributing entity, and the total portion of the net pension liability that was associated with the School were as follows:

School's Proportionate Share of the Net Pension Liability	$	7,740,879
State's Proportionate Share of the Net Pension Liability as a nonemployer contributing entity associated with the School		2,255,770
Total	$	9,996,649

At December 31, 2022, the School's proportion was 0.04251%, which was a decrease of 0.00707% from its proportion measured as of December 31, 2021.

For the year ended June 30, 2023, the School recognized pension income of $205,387 and revenue of $265,265 for support from the State as a nonemployer contributing entity. At June 30, 2023, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between Expected and Actual Experience	$ 73,259	$ -
Changes of Assumptions or other Inputs	137,116	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	1,039,885	-
Changes in Proportion and Differences between Contributions Recognized and Proportionate Share of Contributions	257,618	1,437,015
Contributions Subsequent to the Measurement Date	375,635	-
Total	$ 1,883,513	$ 1,437,015

NOTE 8 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

$375,635 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, 2024. 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,	Amount
2024	$ (491,373)
2025	(315,306)
2026	272,688
2027	604,854
Total	$ 70,863

Actuarial Assumptions: The total pension liability in the December 31, 2021, actuarial valuation was determined using the following actuarial cost method, actuarial assumptions, and other inputs:

	Actuarial Assumptions
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 January 1, 2007; and DPS Benefit Structure (Compounded Annually)	1.00%
PERA Benefit Structure hired after December 31, 2006[1]	Financed by the Annual Increase Reserve (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 actuarial assumptions used in the December 31, 2021, valuations 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 PERA's Board on November 20, 2020.

NOTE 8 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

- **Females:** 83 percent of the rates prior to age 80 and 106 percent of the rates for ages 80 and older, 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 percent of the rates for all ages, with generational projection using scale MP-2019.

- **Females:** 105 percent of the rates for all ages, with generational project using scale MP-2019.

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

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 were 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 by the investment consultant 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 percentage and then adding expected inflation.

NOTE 8 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

The PERA Board first adopted the 7.25 percent 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 rate of return assumption of 7.25 percent.

Discount Rate: The discount rate used to measure the total pension liability was 7.25 percent. The basis for the projection of liabilities and the FNP used to determine the discount rate was an actuarial valuation performed as of December 31, 2021, and the financial status of the Trust Fund as of prior measurement date (December 31, 2021). 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 percent.

- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the scheduled increases in Senate Bill (SB) 18-200, required adjustments resulting from the 2018 and 2020 AAP assessments. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.

NOTE 8 – DEFINED BENEFIT PENSION PLAN (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 AAP assessments. Employer contributions also include current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103 percent, at which point the AED and SAED will each drop 0.50 percent every year until they are zero. Additionally, estimated employer contributions reflect reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.

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

- HB 22-1029, effective upon enactment in 2022, required the State treasurer to issue, in addition to the regularly scheduled $225 million direct distribution, a warrant to PERA in the amount of $280 million with reductions to future direct distributions. The July 1, 2023, direct distribution will be reduced by $190 million to $25 million. The July 1, 2024, direct distribution will not be reduced from $225 million due to a negative investment return in 2022.

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

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

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

Based on the above assumptions and methods, the SCHDTF's FNP was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25 percent on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

NOTE 8 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25 percent. There was no change in the discount rate from the prior measurement date.

Sensitivity of the School's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate: The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.25%, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower (6.25%) or one percentage-point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate Share of the Net Pension Liability	$ 10,130,149	$ 7,740,879	$ 5,745,595

Pension Plan Fiduciary Net Position: Detailed information about the SCHDTF's fiduciary net position is available in PERA's annual comprehensive financial report, which can be obtained at www.copera.org/investments/pera-financial-reports.

NOTE 9 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

General Information about the OPEB Plan

Plan Description: Eligible employees of the School are provided with OPEB through the Health Care Trust Fund (HCTF) - a cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plan administered by the Public Employees' Retirement Association of Colorado (PERA). The HCTF is established under Title 24, Article 51, Part 12 of the Colorado Revised Statutes (C.R.S.), as amended. Colorado State law provision may be amended from time to time by the Colorado General Assembly. Title 24, Article 51, Part 12 of the C.R.S., as amended, sets forth a framework that grants authority to the PERA Board to contract, self-insure, and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of the premium subsidies. 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).

NOTE 9 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

General Information about the OPEB Plan (continued)

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.

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 percent 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.

NOTE 9 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

General Information about the OPEB Plan (continued)

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 Trust Fund or the DPS HCTF on behalf of benefit recipients not covered by Medicare Part A.

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

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the School is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the School were $35,532 for the year ended June 30, 2023.

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

At June 30, 2023, the School reported a liability of $263,481 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2021. Standard update procedures were used to roll forward the total OPEB liability to December 31, 2022. The School's proportion of the net OPEB liability was based on the School's contributions to the HCTF for the calendar year 2022 relative to the total contributions of participating employers to the HCTF.

At December 31, 2022, the School's proportion was 0.03227%, which was a decrease of 0.00011% from its proportion measured as of December 31, 2021.

For the year ended June 30, 2023, the School recognized OPEB income of $39,681. At June 30, 2023, the School reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

NOTE 9 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between Expected and Actual Experience	$ 34	$ 63,718
Changes of Assumptions or other Inputs	4,235	29,080
Net Difference between Projected and Actual Earnings on Pension Plan Investments	16,093	-
Changes in Proportion and Differences between Contributions Recognized and Proportionate Share of Contributions	2,216	19,724
Contributions Subsequent to the Measurement Date	18,800	-
Total	$ 41,378	$ 112,522

$18,800 reported as deferred outflows of resources related to OPEB resulting from the School's contributions subsequent to the measurement date will be recognized as a reduction in the net OPEB liability in the year ended June 30, 2024. 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,	Amount
2024	$ (31,851)
2025	(28,232)
2026	(14,765)
2027	(5,508)
2028	(7,674)
Thereafter	(1,914)
Total	$ (89,944)

Actuarial Assumptions: The total OPEB liability in the December 31, 2021, actuarial valuation was determined using the following actuarial cost, actuarial assumptions, and other inputs:

NOTE 9 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Actuarial Cost Method	Entry Age
Price Inflation	2.30%
Real Wage Growth	0.70%
Wage Inflation	3.00%
Salary Increases, Including Wage Inflation	3.40 - 11.00%
Long-Term Investment Rate of Return, Net of OPEB Plan Investment Expenses, Including Price Inflation	7.25%
Discount rate	7.25%
Health Care Cost Trend Rates	
PERA Benefit Structure:	
Service-based Premium Subsidy	0.00%
PERACare Medicare Plans	6.50% in 2022, gradually decreasing to 4.50% in 2030
Medicare Part A Premiums	3.75% in 2022, gradually increasing to 4.50% in 2029

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

Beginning January 1, 2022, the per capita health care costs are developed by plan option; based on 2022 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.

NOTE 9 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

AGE-RELATED MORBIDITY ASSUMPTIONS

Participant Age	Annual Increase (Male)	Annual Increase (Female)
65 -69	3.0%	1.5%
70	2.9%	1.6%
71	1.6%	1.4%
72	1.4%	1.5%
73	1.5%	1.6%
74	1.5%	1.5%
75	1.5%	1.4%
76	1.5%	1.5%
77	1.5%	1.5%
78	1.5%	1.6%
79	1.5%	1.5%
80	1.4%	1.5%
81 and older	0.0%	0.0%

	MAPD PPO #1 with Medicare Part A Retire/Spouse		MAPD PPO #1 without Medicare Part A Retire/Spouse	
Sample Age	Male	Female	Male	Female
65	$ 1,704	$ 1,450	$ 6,514	$ 5,542
70	1,976	1,561	7,553	5,966
75	2,128	1,681	8,134	6,425

	MAPD PPO #2 with Medicare Part A Retire/Spouse		MAPD PPO #2 without Medicare Part A Retire/Spouse	
Sample Age	Male	Female	Male	Female
65	$ 583	$ 496	$ 4,227	$ 3,596
70	676	534	4,901	3,872
75	728	575	5,278	4,169

	MAPD HMO (Kaiser) with Medicare Part A Retire/Spouse		MAPD HMO (Kaiser) without Medicare Part A Retire/Spouse	
Sample Age	Male	Female	Male	Female
65	$ 1,923	$ 1,634	$ 6,752	$ 5,739
70	2,229	1,761	7,826	6,185
75	2,401	1,896	8,433	6,657

NOTE 9 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

The 2022 Medicare Part A premium is $499 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, 2021, 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.

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

Year	PERACare Medicare Plans	Medicare Part A Premiums
2022	6.50%	3.75%
2023	6.25%	4.00%
2024	6.00%	4.00%
2025	5.75%	4.00%
2026	5.50%	4.25%
2027	5.25%	4.25%
2028	5.00%	4.25%
2029	4.75%	4.50%
2030+	4.50%	4.50%

Mortality assumptions used in the December 31, 2021 valuation for the State Division, School Division, Local Government Division, and Judicial Division Trust Funds, reflect the generational mortality and were applied, as applicable, in the December 31, 2021 valuation for the Trust Fund, but developed on a headcount-weighted basis. Affiliated employers of the Division Trust Funds participate in the Trust Fund.

NOTE 9 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

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

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

The 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 State Troopers) 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 State Troopers 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.

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:

NOTE 9 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

- **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 State Troopers were based upon the PubNS-2010 Disabled Retiree Table using 99 percent of the rates for all ages with generational projection using scale MP-2019.

Disabled mortality assumptions for State Troopers 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, 2021 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 2022 plan year.

- The December 31, 2021 valuation utilizes premium information as of January 1, 2022, as the initial per capital health care cost. As of that date, PERACare health benefits administration is performed by UnitedHealthCare. In that transition, the costs for the Medicare Advantage Option #2 decreased to a level that is lower than the maximum possible service-related subsidy as described in the plan provisions.

- 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. Medicare Part A premiums continued with the prior valuation trend pattern.

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.

Effective for the December 31, 2022 measurement date, the timing of the retirement decrement was adjusted to middle-of-year within the valuation programming used to determine the total OPEB liability, reflecting a recommendation from the 2022 actuarial audit report, dated October 14, 2022, summarizing the results of the actuarial audit performed on the December 31, 2021, actuarial valuations.

NOTE 9 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

The actuarial assumptions used in the December 31, 2021, valuation were based on the results of the 2020 experience analysis, dated October 28, 2020 and November 4, 2020, for the period January 1, 2016 through December 31, 2019. 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 regular experience studies prepared every four to five years for PERA. Recently this assumption has been reviewed more frequently. 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 for 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 percent 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 percent.

NOTE 9 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Sensitivity of the School's proportionate share of the net OPEB liability to changes in the Health Care Cost Trend Rates: The following presents the net OPEB liability using the current health care cost trend rates applicable to the PERA benefit structure, as well as if it were calculated using health care cost trend rates that are one percentage point lower or on 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	3.50%	4.50%	5.50%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A Trend Rate	2.75%	3.75%	4.75%
Ultimate Medicare Part A Trend Rate	3.50%	4.50%	5.50%
Proportionate Share of the Net OPEB Liability	$ 256,023	$ 263,481	$ 271,595

Discount Rate: The discount rate used to measure the total OPEB liability was 7.25 percent. The basis for the projection of liabilities and the FNP used to determine the discount rate was an actuarial valuation performed as of December 31, 2021, and the financial status of the Trust Fund as of the prior measurement date (December 31, 2021). 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, 2022, 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 percent.

- 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.

NOTE 9 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Based on the above assumptions and methods, the HCTF 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 percent on pension plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate of 7.25 percent. There was no change in the discount rate from the prior measurement period.

Sensitivity of the School's proportionate share of the net OPEB liability to changes in the discount rate: The following presents the HCTF collective net OPEB liability calculated using the discount rate of 7.25 percent as of the measurement date, as well as if it were calculated using a discount rate that is 1-percentage point lower (6.25 percent) or 1-percentage point higher (8.25 percent):

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate Share of the Net OPEB Liability	$ 305,452	$ 263,481	$ 227,581

OPEB Plan Fiduciary Net Position: Detailed information about the HCTF plan's fiduciary net position is available in the separately issued comprehensive annual financial report issued by PERA. That report can be obtained at www.copera.org/investments/pera-financial-reports.

NOTE 10 – COMMITMENTS AND CONTINGENCIES

Claims and Judgements

The School 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 School may be required to reimburse the grantor government. As of June 30, 2023, significant amounts of grant expenditures have not been audited, but the School believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the School.

Tabor

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer's Bill of Rights (TABOR), contains tax, spending, revenue, and debt limitations, which apply to the state of Colorado and all local governments.

NOTE 10 – COMMITMENTS AND CONTINGENCIES (CONTINUED)

Tabor (continued)

TABOR required local governments to establish Emergency Reserves. These reserves must be at least 3 percent of Fiscal Year Spending (excluding bonded debt service).

Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases. TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year spending limits will require judicial interpretation.

The School believes it has complied with the Amendment. As required, the School has established a reserve for emergencies. At June 30, 2023, the reserve of $223,000 was recorded as a restricted net position/fund balance for TABOR.

NOTE 11 – RISK MANAGEMENT

The School 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 School carries commercial insurance for these risks of loss. Settled claims have not exceeded this coverage in any of the past three fiscal years.

REQUIRED SUPPLEMENTARY INFORMATION

ACADEMY CHARTER SCHOOL
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023

	Budget			Variance
	Original	Final	Actual	Positive (Negative)
Revenues				
Local sources				
Per pupil operating revenue	$ 6,042,821	$ 6,090,000	$ 6,087,903	$ (2,097)
Mill levy override	808,724	853,000	854,895	1,895
Pupil activities	160,200	163,000	74,887	(88,113)
Gifts and contributions	55,000	55,000	56,268	1,268
Earnings on investments	18,000	48,000	67,910	19,910
Other revenue	6,500	5,000	89,596	84,596
Federal and state sources				
Grants and donations	341,298	362,052	497,351	135,299
Total revenues	7,432,543	7,576,052	7,728,810	152,758
Expenditures				
Current				
Salaries	3,930,000	3,906,000	3,864,457	41,543
Employee benefits	1,373,000	1,343,500	1,450,783	(107,283)
Purchased services	1,115,392	1,197,000	1,145,900	51,100
Supplies and materials	291,000	316,000	306,975	9,025
Property	190,000	656,510	564,736	91,774
Other	65,000	58,000	10,536	47,464
Total expenditures	6,964,392	7,477,010	7,343,387	133,623
Other financing sources and (uses)				
Transfers out	(442,967)	(442,829)	(442,829)	-
Total other financing sources and (uses)	(442,967)	(442,829)	(442,829)	-
Net change in fund balances	$ 25,184	$ (343,787)	(57,406)	$ 19,135
Fund Balances - Beginning			5,624,093	
Fund Balances - Ending			$ 5,566,687	

ACADEMY CHARTER SCHOOL
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2023

	Budget			Variance
	Original	Final	Actual	Positive (Negative)
Revenues				
Local sources				
Investment income	$ 90	$ 8,700	$ 17,393	$ 8,693
Total revenues	90	8,700	17,393	8,693
Expenditures				
Administrative and supporting services	1,000	1,000	1,000	-
Debt service				
Principal	250,000	250,000	245,000	5,000
Interest	192,950	192,950	192,950	-
Total expenditures	443,950	443,950	438,950	5,000
Other financing sources				
Transfers in	442,967	442,829	442,829	-
Total other financing sources	442,967	442,829	442,829	-
Net change in fund balances	$ (893)	$ 7,579	21,272	$ 3,693
Fund balances - beginning			629,488	
Fund balances - ending			$ 650,760	

ACADEMY CHARTER SCHOOL
SCHEDULE OF THE SCHOOL'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
LAST TEN FISCAL YEARS

Fiscal Year	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Plan Measurement Date	December 31, 2022	December 31, 2021	December 31, 2020	December 31, 2019	December 31, 2018	December 31, 2017	December 31, 2016	December 31, 2015	December 31, 2014	December 31, 2013
School's Proportion of the Net Pension Liability	0.04251%	0.04959%	0.05911%	0.05186%	0.05372%	0.06171%	0.05989%	0.04163%	0.06577%	0.0650%
School's Proportionate Share of the Net Pension Liability	$ 7,740,879	$ 5,770,508	$ 8,936,721	$ 7,747,770	$ 9,512,825	$ 19,955,901	$ 17,830,927	$ 6,367,656	$ 8,914,681	$ 8,314,028
State's Proportionate Share of the Net Pension Liability associated with the School **	2,255,770	661,515	-	982,702	1,300,747	-	-	-	-	-
Total	$ 9,996,649	$ 6,432,023	$ 8,936,721	$ 8,730,472	$ 10,813,572	$ 19,955,901	$ 17,830,927	$ 6,367,656	$ 8,914,681	$ 8,314,028
School's Covered Payroll	$ 3,282,997	$ 3,098,967	$ 3,160,996	$ 3,046,305	$ 2,859,015	$ 2,846,760	$ 2,687,864	$ 1,653,518	$ 2,715,488	$ 2,627,720
School's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	235.79%	186.21%	282.72%	254.33%	332.73%	701.00%	663.39%	385.10%	328.29%	316.40%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	61.79%	74.86%	66.99%	64.52%	57.01%	43.96%	43.10%	59.20%	62.80%	64.06%

* The amounts presented for each fiscal year were determined as of December 31 based on the measurement date of the Plan. Information earlier than 2014 was not available.

** A direct distribution provision to allocate funds from the State of Colorado budget to Colorado PERA on an annual basis began in July 2018 based on Senate Bill 18-200.

ACADEMY CHARTER SCHOOL
SCHEDULE OF PENSION CONTRIBUTIONS AND RELATED RATIOS
LAST NINE FISCAL YEARS

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contribution	$ 709,934	$ 622,587	$ 625,380	$ 617,612	$ 564,998	$ 565,020	$ 511,167	$ 453,526	$ 453,380
Contributions in Relation to the Contractually Required Contribution	709,934	622,587	625,380	617,612	564,998	565,020	511,167	453,526	453,380
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
School's Covered Payroll	$ 3,483,482	$ 3,131,723	$ 3,145,752	$ 3,186,838	$ 2,953,465	$ 2,992,690	$ 2,781,106	$ 2,557,961	$ 2,759,465
Contributions as a Percentage of Covered Payroll	20.38%	19.88%	19.88%	19.38%	19.13%	18.88%	18.38%	17.73%	16.43%

ACADEMY CHARTER SCHOOL
SCHEDULE OF THE SCHOOL'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
LAST SEVEN FISCAL YEARS

Fiscal Year	2023	2022	2021	2020	2019	2018	2017
Plan Measurement Date	December 31, 2022	December 31, 2021	December 31, 2020	December 31, 2019	December 31, 2018	December 31, 2017	December 31, 2016
School's Proportion (Percentage) of the Collective Net OPEB Liability	0.03227%	0.03238%	0.03418%	0.03388%	0.03492%	0.03507%	0.03404%
School's Proportionate Share of the Collective Net OPEB Liability	$ 263,481	$ 279,179	$ 324,809	$ 380,805	$ 475,108	$ 455,709	$ 441,348
School's Covered Payroll	$ 3,282,997	$ 3,098,967	$ 3,160,996	$ 3,046,305	$ 2,859,015	$ 2,846,760	$ 2,687,864
School's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll Covered Payroll	8.03%	9.01%	10.28%	12.50%	16.62%	16.01%	16.42%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	38.57%	39.40%	32.78%	24.49%	17.03%	17.53%	16.72%

* The amounts presented for each fiscal year were determined as of December 31 based on the measurement date of the Plan. Information earlier than 2017 was not available.

ACADEMY CHARTER SCHOOL
SCHEDULE OF OPEB CONTRIBUTIONS AND RELATED RATIOS
LAST SEVEN FISCAL YEARS

	2023	2022	2021	2020	2019	2018	2017
Contractually Required Contribution	$ 35,532	$ 31,944	$ 32,087	$ 32,506	$ 30,125	$ 30,525	$ 28,367
Contributions in Relation to the Contractually Required Contribution	35,532	31,944	32,087	32,506	30,125	30,525	28,367
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
School's Covered Payroll	$ 3,483,482	$ 3,131,723	$ 3,145,752	$ 3,186,838	$ 2,953,465	$ 2,992,690	$ 2,781,106
Contributions as a Percentage of Covered Payroll	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%