Wyatt Academy

(A Component Unit of Denver Public Schools)

Financial Statements
with Independent Auditor's Report

June 30, 2023

HINKLE & COMPANY PC
Strategic Business Advisors

Wyatt Academy
(A Component Unit of Denver Public Schools)
Table of Contents
June 30, 2023

HINKLE & COMPANY PC
Strategic Business Advisors

Independent Auditor's Report

Board of Directors
Wyatt Academy
Denver, Colorado

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Wyatt Academy, a component unit of Denver Public Schools, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Wyatt Academy's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Wyatt Academy, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. 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 Wyatt Academy 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

Wyatt Academy's 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.

Office Locations:
Colorado Springs, CO
Denver, CO
Frisco, CO
Tulsa, OK

Denver Office:
750 W. Hampden Avenue,
Suite 400
Englewood,
Colorado 80110
TEL: 303.796.1000
FAX: 303.796.1001
www.HinkleCPAs.com

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 Wyatt Academy's ability to continue as a going concern for one year after the date that the financial statements are issued.

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

In performing an audit in accordance with GAAS, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information, such as management's discussion and analysis and budgetary comparison information listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the 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.

Hinkle & Company, PC

Englewood, Colorado
October 18, 2023

Wyatt Academy

Management's Discussion & Analysis
June 30, 2023

As management of Wyatt Academy (Wyatt or the Academy), we offer readers of Wyatt Academy's basic financial statements this narrative overview and analysis of the financial activities of the Academy for the fiscal year ended June 30, 2023. We encourage readers to consider the information presented here in conjunction with additional information provided in the accompanying financial statements.

Financial Highlights

The year ended June 30, 2023 is the twenty-fourth year of operations for Wyatt. As of June 30, 2023, net position increased by $741,878 to $1,737,794. Wyatt Academy's governmental fund reported an ending fund balance of $1,184,544, an increase of $459,679 from the prior year.

The operations of the Academy are funded primarily by tax revenue received under the Colorado School Finance Act in Per Pupil Revenue (PPR). Tax revenue for the year from PPR was $1,887,870.

Overview of Financial Statements

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

Government-Wide Financial Statements

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

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

The statement of activities presents information showing how net position changed during the 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 the related cash flows. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future periods (for example, salaries and benefits earned but unpaid as of year-end).

The government-wide statement of activities distinguishes functions/programs of the Academy supported primarily by Per Pupil Revenue or other revenues passed through from the Academy's authorizer (Denver Public Schools). The governmental activities of Wyatt 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 Academy keeps track of these monies to ensure and demonstrate compliance with finance-related legal requirements.

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.

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 Academy's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Academy maintains one governmental fund and adopts an annually appropriated budget for the fund. A budgetary comparison schedule is included to demonstrate that spending did not exceed the budget.

Notes to the Financial Statements

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

Government-Wide Financial Analysis

As noted previously, net position may serve over time as a useful indicator of the Academy's financial position. For the fiscal year ended June 30, 2023, Wyatt's net position was $1,737,794. This position includes a net pension liability in the amount of $789,174, representing the Academy's proportionate share of the Denver Public Schools Division pension liability, administered by the Public Employees' Retirement Association of Colorado (PERA). The Academy reports this net pension liability, and associated deferred inflows and outflows of resources, as required by GASB (Governmental Accounting Standards Board) 68. The Academy's net position also includes a net OPEB (Other Post-Employment Benefits) liability in the amount of $13,683, representing the Academy's proportionate share of the defined benefit Health Care Trust Fund, administered by PERA. The Academy reports this net OPEB liability, and associated deferred inflows and outflows of resources, as requirement by GASB 75. More information regarding the net pension and OPEB liabilities may be found in the notes to the financial statements.

Of the Academy's total net position, $1,167,950 is invested in capital assets and $92,000 is restricted to comply with Article X, Section 20 of the Colorado Constitution, known as the TABOR Amendment.

Wyatt Academy
Management's Discussion & Analysis
June 30, 2023

Wyatt Academy's Net Position

	2022-2023	2021-2022
ASSETS		
Cash	$ 1,242,307	$ 1,047,021
Accounts Receivable	9,000	34,740
Grants Receivable	186,003	-
Prepaid Expenses	4,400	984
Capital Assets, Net of Accumulated Depreciation	1,255,558	1,364,420
TOTAL ASSETS	2,697,268	2,447,165
DEFERRED OUTFLOWS OF RESOURCES		
Pensions, Net of Accumulated Amortization	491,522	344,809
OPEB, Net of Accumulated Amortization	15,381	7,804
TOTAL DEFERRED OUTFLOWS OF RESOURCES	506,903	352,613
LIABILITIES		
Accounts Payable	23,583	143,791
Accrued Liabilities	63,606	79,692
Accrued Salaries and Benefits	147,777	134,385
Accrued Interest Payable	-	-
Noncurrent Liabilities		
Due Within One Year	43,804	43,804
Due in More than One Year	43,804	87,607
Net Pension Liability	789,174	7,390
Net OPEB Liability	13,683	16,695
TOTAL LIABILITIES	1,125,431	513,364
DEFERRED INFLOWS OF RESOURCES		
Deferred Income	22,200	12
Pensions, Net of Accumulated Amortization	261,347	1,214,360
OPEB, Net of Accumulated Amortization	57,399	76,126
TOTAL DEFERRED INFLOWS OF RESOURCES	340,946	1,290,498
NET POSITION		
Net Investment in Capital Assets	1,167,950	1,320,616
Restricted for Emergencies	92,000	78,000
Unrestricted	477,844	(402,700)
TOTAL NET POSITION	$ 1,737,794	$ 995,916

Wyatt Academy's Change in Net Position

	2022-2023	2021-2022
REVENUES		
Per Pupil Revenue	$ 1,887,870	$ 1,676,190
At-Risk Supplemental Aid & Additional At-Risk	45,005	50,851
Mill Levy Override	600,156	401,366
Capital Construction	64,197	54,484
Contributions not Restricted to Specific Programs	231,689	297,113
Charges for Services	4,000	6,786
Operating Grants and Contributions	403,111	477,318
Interest Income	6,445	587
Other	176,540	30,478
TOTAL REVENUE	3,419,013	2,995,173
EXPENSES		
Instruction	1,302,383	872,760
Support Services	1,374,752	1,244,364
Interest on Long-Term Debt	-	-
TOTAL EXPENSES	2,677,135	2,117,124
CHANGE IN NET POSITION	741,878	878,049
NET POSITION, Beginning	995,916	117,867
NET POSITION, Ending	$ 1,737,794	$ 995,916

Financial Analysis of the Government's Fund

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

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

As of the end of the current fiscal year, the Academy's General Fund reported an ending fund balance of $1,184,544, an increase of $459,679 from the prior year.

General Fund Budgetary Highlights

Wyatt recognized $302,096 more revenue than expected and spent $111,680 less than planned, when compared to the final budget. There were budget amendments during the year, which reflected changes in revenues and expenditures. Revisions included adjustments to revenues and expenditures based on updated enrollment and funding assumptions.

Capital Assets & Long-Term Debt

The Academy has invested in capital assets for leasehold improvements made to the current Academy facility and equipment put in place to support the Academy's operations. Depreciation expenses for capital assets are booked under the supporting services program of the Academy's operations. More information regarding capital assets may be found in Note 3 to the financial statements.

The Academy has a loan payable to the Piton Foundation. The loan was obtained to refinance a loan originally issued to finance improvements on the Academy's facility. During FY 2022-2023, the loan was extended and the interest rate remained at 0%. Payments are due through July 2025.

Economic Factors and Next Year's Budget

The primary factor driving the budget for Wyatt Academy is student enrollment. Enrollment for the 2022-2023 school year was 190 funded students. Enrollment projected for 2023-2024 is 185 funded students. This factor was considered when preparing Wyatt's budget for 2023-2024.

Requests for Information

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

Wyatt Academy
3620 Franklin St.
Denver, CO 80205

Basic Financial Statements

Wyatt Academy
(A Component Unit of Denver Public Schools)
Statement of Net Position
June 30, 2023

		Governmental Activities
Assets		
Cash and Investments	$	1,242,307
Grants Receivable		186,003
Other Receivable		9,000
Prepaid Expenses		4,400
Capital Assets, *Net of Accumulated Depreciation*		1,255,558
Total Assets		2,697,268
Deferred Outflows of Resources		
Pensions, *Net of Accumulated Amortization*		491,522
OPEB, *Net of Accumulated Amortization*		15,381
Total Deferred Outflows of Resources		506,903
Liabilities		
Accounts Payable		23,583
Accrued Liabilities		63,606
Accrued Salaries and Benefits		147,777
Noncurrent Liabilities		
Due Within One Year		43,804
Due in More Than One Year		43,804
Net Pension Liability		789,174
Net OPEB Liability		13,683
Total Liabilities		1,125,431
Deferred Inflows of Resources		
Pensions, *Net of Accumulated Amortization*		261,347
OPEB, *Net of Accumulated Amortization*		57,399
Deferred Income		22,200
Total Deferred Inflows of Resources		340,946
Net Position		
Net Investment in Capital Assets		1,167,950
Restricted for Emergencies		92,000
Unrestricted		477,844
Total Net Position	$	1,737,794

Wyatt Academy

(A Component Unit of Denver Public Schools)

Statement of Activities

For the Year Ended June 30, 2023

		Program Revenues		Net (Expense) Revenue and Change in Net Position
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities
Primary Government				
Governmental Activities				
Instruction	$ 1,302,383	$ 4,000	$ 429,604	$ (868,779)
Supporting Services	1,374,752	-	(26,493)	(1,401,245)
Total Governmental Activities	$ 2,677,135	$ 4,000	$ 403,111	(2,270,024)
	General Revenues			
	Per Pupil Revenue			1,887,870
	Additional At-Risk Funding			45,005
	District Mill Levy			600,156
	Capital Construction			64,197
	Contributions not Restricted to Specific Programs			231,689
	Interest Income			6,445
	Other			176,540
	Total General Revenues			3,011,902
	Change in Net Position			741,878
	Net Position, *Beginning of year*			995,916
	Net Position, *End of year*			$ 1,737,794

See Notes to the Financial Statements.

Wyatt Academy

(A Component Unit of Denver Public Schools)
Balance Sheet
Governmental Fund
June 30, 2023

	General
Assets	
Cash and Investments	$ 1,242,307
Grants Receivable	186,003
Other Receivable	9,000
Prepaid Expenses	4,400
Total Assets	$ 1,441,710
Liabilities and Fund Balance	
Liabilities	
Accounts Payable	$ 23,583
Accrued Liabilities	63,606
Accrued Salaries and Benefits	147,777
Deferred Income	22,200
Total Liabilities	257,166
Fund Balance	
Nonspendable for Prepaid Expenditures	4,400
Committed for Unspend Mill Levies	69,394
Restricted for:	
Emergencies	92,000
Unrestricted, Unassigned	1,018,750
Total Fund Balance	1,184,544
Total Liabilities and Fund Balance	$ 1,441,710
Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:	
Total Fund Balance of the Governmental Fund	$ 1,184,544
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds.	1,255,558
Long-term liabilities and related items are not due and payable in the current year and, therefore, are not reported in governmental funds.	
Loan payable	(87,608)
Net pension liability	(789,174)
Pension-related deferred outflows of resources	491,522
Pension-related deferred inflows of resources	(261,347)
Net OPEB liability	(13,683)
OPEB-related deferred outflows of resources	15,381
OPEB-related deferred inflows of resources	(57,399)
Total Net Position of Governmental Activities	$ 1,737,794

Wyatt Academy

(A Component Unit of Denver Public Schools)

Statement of Revenues, Expenditures and Changes in Fund Balance

Governmental Fund

For the Year Ended June 30, 2023

	General
Revenues	
Local Sources	$ 1,018,830
State Sources	2,122,560
Federal Sources	443,167
Total Revenues	3,584,557
Expenditures	
Instruction	1,651,088
Supporting Services	1,429,987
Debt Service	
Principal	43,803
Total Expenditures	3,124,878
Net Change in Fund Balance	459,679
Fund Balance, *Beginning of year*	724,865
Fund Balance, *End of year*	$ 1,184,544

Wyatt Academy

(A Component Unit of Denver Public Schools)

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of the Governmental Fund to the Statement of Activities

For the Year Ended June 30, 2023

Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:		
Net Change in Fund Balance of the Governmental Fund	$	459,679
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:		
Depreciation expense		(108,862)
The repayment of long-term debt principal is an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net position and does not affect the statement of activities.		43,803
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. This includes the changes in the following:		
Net pension liability		(781,784)
Pension-related deferred outflows of resources		146,713
Pension-related deferred inflows of resources		953,013
Net OPEB liability		3,012
OPEB-related deferred outflows of resources		7,577
OPEB-related deferred inflows of resources		18,727
Change in Net Position of Governmental Activities	$	741,878

Note 1: Summary of Significant Accounting Policies

Nature of Operations

The Wyatt Academy (the Academy), formerly known as Wyatt-Edison Charter School, Inc., operates as a charter school within Denver Public Schools (the District) pursuant to the Colorado Charter School Act. The Academy's current charter contract terminates on June 30, 2028.

The accounting policies of the Academy conform to generally accepted accounting principles as applicable to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Following is a summary of the Academy's more significant policies.

Reporting Entity

The financial reporting entity consists of the Academy, organizations for which the Academy is financially accountable, and organizations that raise and hold economic resources for the direct benefit of the Academy. All funds, organizations, institutions, agencies, departments and offices that are not legally separate are part of the Academy. Legally separate organizations for which the Academy is financially accountable are considered part of the reporting entity. Financial accountability exists if the Academy appoints a voting majority of the organization's governing board and is able to impose its will on the organization, or if there is a potential for the organization to provide benefits to, or impose financial burdens on, the Academy. Based upon the application of this criteria, the Academy does not include additional organizations with its reporting entity.

The Academy is a component unit of the District. The Academy's charter is authorized by the District and the majority of the Academy's funding is provided by the District.

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 activities of the Academy. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported in a single column.

The statement of activities demonstrates the degree to which the direct expenses of the given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to students or 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 revenues not properly included among program revenues are reported instead as general revenues.

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

Note 1: Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current year or soon enough thereafter to pay liabilities of the current year. For this purpose, the Academy considers revenues to be available if they are collected within 60 days of the end of the current year. Intergovernmental revenues, grants, and interest associated with the current year are considered to be susceptible to accrual and so have been recognized as revenues of the current year. All other revenues are considered to be measurable and available only when cash is received by the Academy. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

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

In the fund financial statements, the Academy reports the following major governmental fund:

General Fund - This fund is the general operating fund of the Academy. It is currently used to account for all financial activities of the Academy.

Assets, Liabilities and Net Position/Fund Balance

Receivables - All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

Capital Assets - Capital assets, which include leasehold improvements and equipment, are reported in the government-wide financial statements. Capital assets are defined as assets with an initial, individual cost of $5,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the acquisition value on the date of donation.

Capital assets are amortized or depreciated using the straight-line method over the life of the related lease agreement or the estimated useful lives, as follows.

Leasehold Improvements	5 - 35 years
Equipment	5 - 10 years

Note 1: Summary of Significant Accounting Policies (Continued)

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

Accrued Salaries and Benefits - Salaries and retirement benefits of certain contractually employed personnel are paid over a twelve-month period from August to July but are earned during a school year of approximately nine to ten months. The salaries and benefits earned but unpaid are reported as a liability of the General Fund.

Compensated Absences - Eligible employees of the Academy are allowed to use 8 days of Paid Time Off (PTO) during the school year. Employees are compensated for any unused personal days at the end of the school year at their hourly rate of pay. The Academy does reimburse or otherwise compensate employees for any accrued personal days at termination. Therefore, a liability is reported in the financial statements for these compensated absences.

Long-Term Debt - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources.

Pensions - The School participates in the Denver Public Schools Division Trust Fund (DPS Division), a single-employer defined benefit pension plan administered by the Public Employees' Retirement Association of Colorado (PERA). The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position (FNP), and additions to/deductions from the FNP of the DPS Division 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.

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

Note 1: Summary of Significant Accounting Policies (Continued)

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

Net Position/Fund Balance - In the government-wide and fund financial statements, net position and fund balance are restricted when constraints placed on the use of resources are externally imposed. The Board of Directors is authorized to establish a fund balance commitment through passage of a resolution and may assign fund balances to a specific purpose through an informal action.

The Academy has not established a formal policy for its use of restricted and unrestricted fund balances. However, if both restricted and unrestricted fund balances are available for a specific purpose, the Academy uses restricted fund balance first, followed by committed, assigned and unassigned balances.

Risk Management

The Academy is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. The Academy carries commercial insurance for these risks of loss.

Subsequent Events

The Academy has evaluated subsequent events through October 17, 2023, the date the financial statements were available to be issued.

Note 2: Cash and Investments

At June 30, 2023, the Academy had the following cash and investments:

Deposits	$ 307,240
Investments	935,067
Total	$ 1,242,307

Deposits

The Colorado Public Deposit Protection Act (PDPA) requires all local government entities to deposit cash in eligible public depositories. Eligibility is determined by State regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. The PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution or held in trust for all uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. At June 30, 2023, the Academy had bank deposits of $23,252 collateralized with securities held by the financial institution’s agent but not in the Academy’s name.

Note 2: Cash and Investments (Continued)

Investments

The Academy is required to comply with State statutes which specify investment instruments meeting defined rating, maturity and concentration risk criteria in which local governments may invest, which include the following. State statutes do not address custodial risk.

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

Interest Rate Risk - State statutes generally limit investments to an original maturity of five years unless the governing board authorizes the investment for a period in excess of five years.

Credit Risk - State statutes limit certain investments to those with specified ratings from nationally recognized statistical rating organizations, depending on the type of investment.

Concentration of Credit Risk - State statutes do not limit the amount the Academy may invest in a single issuer, except for corporate securities.

Local Government Investment Pools - At June 30, 2023, the District had $935,067 invested in the Colorado Local Government Liquid Asset Trust (Colotrust). The pools are investment vehicles established for local government entities in Colorado to pool surplus funds. The Colorado Division of Securities administers and enforces the requirements of creating and operating the pools. The pools operate in conformity with the Securities and Exchange Commission's Rule 2a-7. The pools are measured at the net asset value per share, with each share valued at $1. The pools are rated AAAm by Standard and Poor's. Investments of the pools are limited to those allowed by State statutes. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. The custodian's internal records identify the investments owned by the participating governments.

Note 3: Capital Assets

Capital asset activity for the year ended June 30, 2023, is summarized below. Depreciation and amortization are combined in the following table.

Governmental Activities	**Balance 6/30/22**	**Additions**	**Deletions**	**Balance 6/30/23**
Capital Assets, *Being Depreciated*				
Leasehold Improvements	$ 2,918,748	$ -	$ -	$ 2,918,748
Equipment	29,839	-	-	29,839
Total Capital Assets*, Being Depreciated*	2,948,587	-	-	2,948,587
Less: Accumulated Depreciation				
Leasehold Improvements	(1,560,990)	(106,441)	-	(1,667,431)
Equipment	(23,177)	(2,421)	-	(25,598)
Total Accumulated Depreciation	(1,584,167)	(108,862)	-	(1,693,029)
Governmental Activities Capital Assets, N*et*	$ 1,364,420	$ (108,862)	$ -	$ 1,255,558

Depreciation and amortization expense were charged to the supporting services program of the Academy.

Note 4: Long-Term Debt

Following is a summary of long-term debt transaction for the year ended June 30, 2023:

Governmental Activities	**Balance 6/30/22**	**Additions**	**Deletions**	**Balance 6/30/23**	**Due Within One Year**
Piton Foundation Loan	$ 131,411	$ -	$ (43,803)	$ 87,608	$ 43,804
Total	$ 131,411	$ -	$ (43,803)	$ 87,608	$ 43,804

On June 26, 2012, the Academy obtained a loan from the Piton Foundation in the amount of $1,076,866 to refinance an existing loan originally issued to finance improvements to the Academy’s building. Interest accrued on the loan at 4.5% per annum through June 30, 2017.

In July 2022, the loan was extended, and the interest rate was reduced to 0% per annum. Quarterly principal payments of $10,951 were required by the loan agreement through July 1, 2025.

Future debt service requirements for loan are as follows:

Year Ended June 30,	**Principal**	**Interest**	**Total**
2024	$ 43,804	$ -	$ 43,804
2025	43,804	-	43,804
Total	$ 87,608	$ -	$ 87,608

Note 5: Defined Benefit Pension Plan

General Information

Plan Description - Eligible employees of the School are provided with pensions through the DPS Division - a single-employer defined benefit pension plan administered by PERA. Plan benefits are specified in Title 24, Article 51 of the Colorado Revised Statutes (C.R.S.), administrative rules set forth at 8 C.C.R. 1502-1, and applicable provisions of the federal Internal Revenue Code. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available annual comprehensive financial report (ACFR) that can be obtained at www.copera.org/investments/pera-financial-reports.

Benefits Provided as of December 31, 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 Denver Public Schools (DPS) benefit structure is the greater of the:

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

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

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

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

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

Note 5: Defined Benefit Pension Plan (Continued)

General Information *(Continued)*

Upon meeting certain criteria, benefit recipients who elect to receive a lifetime retirement benefit generally receive post-retirement cost-of-living adjustments, referred to as annual increases in the C.R.S. Subject to the automatic adjustment provision (AAP) under C.R.S. § 24-51-413, eligible benefit recipients of the DPS benefit structure, and eligible benefit recipients under the PERA benefit structure who began membership before January 1, 2007, will receive the maximum annual increase (AI) or AI cap of 1.00% unless adjusted by the AAP. Eligible benefit recipients under the PERA benefit structure who began membership on or after January 1, 2007, will receive the lesser of an annual increase of the 1.00% AI cap or the average increase of the Consumer Price Index for Urban Wage Earners and Clerical Workers for the prior calendar year, not to exceed a determined increase that would exhaust 10% of PERA's Annual Increase Reserve (AIR) for the DPS Division. 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 a disability. The disability benefit amount is based on the lifetime retirement benefit formulas shown above considering a minimum of 20 years of service credit, if deemed disabled.

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

Contribution provisions as of June 30, 2023 - Eligible employees of the Academy and the State are required to contribute to the DPS Division at a rate set by Colorado statute. The contribution requirements for the DPS Division are established under C.R.S. § 24-51-401, *et seq*. and § 24-51-413. Eligible employees are required to contribute 11.00 percent of their PERA-includable salary period of July 01, 2022 through June 30, 2023. The Academy's contribution rate was 11.40% of covered salaries for July 01, 2022 through June 30, 2023. However, a portion of the Academy's contribution (1.02% of covered salaries) is allocated to the Health Care Trust Fund (See Note 6). In addition, the portion of employer contributions allocated to PCOP offset as specified in C.R.S. § 24-51-412 was 11.72% from July 01, 2022 through December 31, 2022, and 10.93% from January 1, 2023 through June 30, 2023. Contribution rates for the DPS Division are expressed as a percentage of salary as defined in C.R.S. § 24-51-101(42).

Employer contributions are recognized by the DPS Division in the period in which the compensation becomes payable to the member and the Academy is statutorily committed to pay the contributions to the DPS Division. Employer contributions recognized by the DPS Division from the Academy were $129,613 for the year ended 2023.

Note 5: Defined Benefit Pension Plan (Continued)

<u>Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions</u>

For purposes of GASB 68 paragraph 15, a circumstance exists in which a nonemployer contributing entity is legally responsible for making contributions to the DPS Division 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 DPS Division based on the proportionate amount of annual payroll of the DPS Division to the total annual payroll of the DPS Division, State Division Trust Fund, School Division Trust Fund, and Judicial Division Trust Fund. House Bill (HB) 22-1029, instructed the State treasurer to issue an additional direct distribution to PERA in the amount of $380 million (actual dollars), upon enactment. The July 1, 2023 payment is reduced by $190 million (actual dollars) to $35 million (actual dollars). The July 1, 2024 payment will not be reduced due to PERA's negative investment return in 2022. Senate Bill (SB) 23-056, enacted June 2, 2023, requires an additional direct distribution of approximately $14.5 million (actual dollars), for a total of approximately $49.5 million (actual dollars) to be contributed July 1, 2023.

The net pension liability for the DPS Division was measured as of December 31, 2022, and the total pension liability (TPL) used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021. Standard update procedures were used to roll forward the TPL to December 31, 2022. The Academy proportion of the net pension liability was based on Academy contributions to the DPS Division 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 Academy reported a liability of $789,174, for its proportionate share of the net pension liability that reflected an increase for support from the State as a nonemployer contributing entity. The amount recognized by the Academy as its proportionate share of the net pension liability, the related support from the State as a nonemployer contributing entity, and the total portion of the net pension liability that was associated with the Academy were as follows:

Academy Proportionate share of net pension liability	$	1,350,677
The State's proportionate share of net pension liability as a nonemployer contributing entity associated with the Academy		(561,503)
Proportionate share of the net pension liability	$	789,174

Note 5: Defined Benefit Pension Plan (Continued)

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

At December 31, 2022, the Academy's proportion was 0.0909471011%, which was a decrease of 0.0328223154% from its proportion measured at December 31, 2021. For the year ended 2023, the Academy recognized pension benefit of $197,873 and benefit of $83,382 for support from the State as a nonemployer contributing entity.

At 2023, the Academy reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 27,910	$ -
Changes of assumptions and other inputs	27,583	-
Net difference between projected and actual earnings on plan investments	298,927	-
Changes in proportion	68,528	261,347
Contributions subsequent to the measurement date	68,574	-
Total	$ 491,522	$ 261,347

$68,574 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 subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30,	
2024	$ (53,987)
2025	(118,030)
2026	160,392
2027	173,226
Total	$ 161,601

Note 5: Defined Benefit Pension Plan (Continued)

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

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

Actuarial Cost Method	Entry Age
Price inflation	2.3%
Real wage growth	0.7%
Wage inflation	3.0%
Salary increases, including wage inflation	3.8% - 11.5%
Long-term investment rate of return, net of plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Future post-employment benefit increases:	
Hired prior to 1/1/2007	1.00%
Hired after 12/31/2006	Financed by AIR

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 on 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 beneficiary mortality assumptions were based on the Pub-2010 Contingent Survivor Table, adjusted as follows:

- Males: 97% of the rates for all ages, with generational projection using scale MP-2019.
- Females: 105% of the rates for all ages, with generational projection using scale MP-2019.

Note 5: Defined Benefit Pension Plan (Continued)

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

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

The actuarial assumptions used in the December 31, 2021, valuation were based on the results of the 2020 experience analysis for the periods January 1, 2016, through December 31, 2019, and were adopted by the PERA Board during the November 20, 2020, Board meeting.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared at least every 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 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.

The PERA Board first adopted the 7.25% long-term expected rate of return as of November 18, 2016. Following an asset/liability study, the Board reaffirmed the assumed rate of return at the Board's November 15, 2019, meeting, to be effective January 1, 2020. As of the most recent reaffirmation of the long-term rate of return, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the table as follows:

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
Global Equity	54.00%	5.60%
Fixed Income	23.00%	1.30%
Private Equity	8.50%	7.10%
Real Estate	8.50%	4.40%
Alternatives	6.00%	4.70%
Total	100.00%	

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

Note 5: Defined Benefit Pension Plan (Continued)

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

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

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00%.
- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the scheduled increases in Senate Bill (SB) 18-200 and required adjustments resulting from the 2018 and 2020 AAP assessments. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the scheduled increase in SB 18-200 and required adjustments resulting from the 2018 and 2020 AAP assessments. Employer contributions also include the current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103%, at which point the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions reflect reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- Employer contributions for the DPS Division are reduced by an amount equal to the principal payments plus interest necessary each year to finance the pension certificates of participation (PCOPs) issued in 1997 and 2008 and refinanced thereafter.
- As specified in law, the State, as a nonemployer contributing entity, will provide an annual direct distribution of $225 million (actual dollars), which commenced July 1, 2018, that is proportioned between the State, School, Judicial, and DPS Division Trust Funds based upon the covered payroll of each Division. The annual direct distribution ceases when all Division Trust Funds are fully funded.
- HB 22-1029, effective upon enactment in 2022, required the State treasurer to issue, in addition to the regularly scheduled $225 million (actual dollars) direct distribution, a warrant to PERA in the amount of $380 million (actual dollars). The July 1, 2023, direct distribution is reduced by $190 million (actual dollars) to $35 million (actual dollars). The July 1, 2024, direct distribution will not be reduced from $225 million (actual dollars) due to PERA's 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.

Note 5: Defined Benefit Pension Plan (Continued)

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

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

Sensitivity of the Academy's proportionate share of the net pension liability to changes in the discount rate - The following presents the Academy's 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, as follows:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	$ 1,335,615	$ 789,174	$ 338,741

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

Note 6: Postemployment Healthcare Benefits

General Information

Plan Description - Eligible employees of the Academy are provided with postemployment benefits other than pensions (OPEB) through the DPS HCTF - a single-employer defined benefit OPEB plan administered by PERA. The DPS HCTF is established under Title 24, Article 51, Part 12 of the Colorado Revised Statutes (C.R.S.), as amended, and sets forth a framework that grants authority to the PERA Board to contract, self-insure, and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of the premium subsidies. Colorado State law provisions may be amended 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 - The DPS HCTF provides a healthcare premium subsidy to eligible participating PERA benefit recipients and retirees who choose to enroll in one of the PERA health care plans, however, the subsidy is not available if only enrolled in the dental and/or vision plan(s). The health care premium subsidy is based upon the benefit structure under which the member retires and the member's years of service credit. For members who retire having service credit with employers in the Denver Public Schools (DPS) Division and one or more of the other four Divisions (State, School, Local Government and Judicial), the premium subsidy is allocated between the DPS HCTF and the Heath Care Trust Fund (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 is voluntary and is available to benefit recipients and their eligible dependents, certain surviving spouses, and divorced spouses and guardians, among others. Eligible benefit recipients may enroll into the program upon retirement, upon the occurrence of certain life events, or on an annual basis during an open enrollment period.

Note 6: Postemployment Healthcare Benefits (Continued)

General Information *(Continued)*

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

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

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

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

Contributions - Pursuant to Title 24, Article 51, Section 208(1)(f) of the C.R.S., as amended, certain contributions are apportioned to the DPS HCTF. PERA reporting agencies of the DPS Division are required to contribute at a rate of 1.02% of PERA-includable salary into the DPS HCTF.

Note 6: Postemployment Healthcare Benefits (Continued)

General Information *(Continued)*

Employer contributions are recognized by the DPS HCTF in the period in which the compensation becomes payable to the member and the Academy is statutorily committed to pay the contributions. Employer contributions recognized by the DPS HCTF from the Academy were $14,591 for the year ended 2023.

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

At 2023, the Academy reported a liability of $13,683, for its proportionate share of the net OPEB liability. The net OPEB liability for the DPS HCTF was measured as of December 31, 2022, and the total OPEB liability (TOL) used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2022. Standard update procedures were used to roll forward the TOL to 2022. The Academy's proportion of the net OPEB liability was based on the Academy's contributions to the DPS HCTF for the calendar year ended December 31, 2022, relative to the total contributions of all participating employers to the DPS HCTF.

At December 31, 2022, the Academy's proportion was 0.1556853698%, which was a decrease of 0.0030298433% from its proportion measured at December 31, 2021.

For the year ended June 30, 2023, the Academy recognized OPEB expense of $13,989. At June 30, 2023, the Academy reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 14,674
Changes of assumptions and other inputs	3	6,540
Net difference between projected and actual earnings on plan investments	7,758	-
Changes in proportion	218	36,185
Contributions subsequent to the measurement date	7,402	-
Total	$ 15,381	$ 57,399

Note 6: Postemployment Healthcare Benefits (Continued)

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

$7,402 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

Year Ended June 30,		
2024	$	(18,645)
2025		(16,023)
2026		(8,709)
2027		(2,329)
2028		(2,457)
Thereafter		(1,257)
Total	$	(49,420)

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

Actuarial Cost Method	Entry Age
Price inflation	2.3%
Real wage growth	0.7%
Wage inflation	3.0%
Salary increases, including wage inflation	3.8% - 11.5%
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	0.0%
PERACare Medicare plans	
6.5% in 2022, gradually decreasing to 4.5% in 2030	
Medicare Part A premiums:	
3.75% in 2022, gradually increasing to 4.5% in 2029	
DPS Benefit Structure	
Service-based premium subsidy	0.0%
PERACare Medicare plans	N/A
Medicare Part A premiums:	N/A

Note 6: Postemployment Healthcare Benefits (Continued)

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

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.

The 2022 Medicare Part A premium is $499 (actual dollars) per month.

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

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

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

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.

Note 6: Postemployment Healthcare Benefits (Continued)

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

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

Year	PERACare Medicare Plans	Medicare Part A Premiums
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 determination of the total pension liability for the DPS Division as shown reflect generational mortality and were applied, as applicable, in the determination of the TOL for the DPS HCTF, but developed using a headcount-weighted basis. Reporting agencies of the DPS Division participate in the DPS HCTF.

The 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 on 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 beneficiary mortality assumptions were based on the PubT-2010 Contingent Survivor Table, adjusted as follows:

- Males: 97% of the rates for all ages, with generational projection using scale MP-2019.
- Females: 105% of the rates for all ages, with generational projection using scale MP-2019.

Note 6: Postemployment Healthcare Benefits (Continued)

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

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

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

- Per capita health care costs in effect as of 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 capita 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 TOL 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 valuation.

The actuarial assumptions used in the December 31, 2021, valuation were based on the results of the 2020 experience analysis for the period January 1, 2016, through December 31, 2019, and were reviewed and adopted by PERA's Board during the November 20, 2020, meeting.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared at least five years for PERA. The most recent analyses were outlined in the Experience Study report dated October 28, 2020.

Note 6: Postemployment Healthcare Benefits (Continued)

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

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 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.

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, as presented previously (See Note 5).

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%.

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

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 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%.
- 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 DPS 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 6: Postemployment Healthcare Benefits (Continued)

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

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

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	$ 23,157	$ 13,683	$ 5,612

Sensitivity of the Academy's proportionate share of the net OPEB liability to changes in the Healthcare Cost Trend Rates - The following presents the net OPEB liability using the current healthcare cost trend rates applicable to the PERA benefit structure, ranging from 3.00% to 7.25%, as well as if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current rates, as follows:

	1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
Proportionate share of the net OPEB liability	$ 13,336	$ 13,683	$ 13,968

OPEB Plan Fiduciary Net Position - Detailed information about the DPS HCTF's fiduciary net position is available in PERA's separately issued financial report, which may be obtained at www.copera.org/investments/pera-financial-reports.

Note 7: Commitments and Contingencies

Claims and Judgments

The Academy participates in a number of federal and state programs that are fully or partially funded by revenues received from other governmental entities. Expenditures financed by these revenues are subject to audit by the appropriate government. If expenditures are disallowed due to noncompliance with program regulations, the Academy may be required to reimburse the other government. At June 30, 2023, significant amounts of related expenditures have not been audited but management believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the Academy.

TABOR Amendment

In November 1992, Colorado voters passed the TABOR Amendment to the State Constitution which limits state and local government taxing powers and imposes spending limitations. The Amendment is subject to interpretation, but the Academy believes it is in substantial compliance with the requirements of the Amendment. In accordance with the Amendment, the Academy has established an emergency reserve, representing 3% of qualifying expenditures. At June 30, 2023, the reserve was reported as restricted fund balance in the General Fund, in the amount of $92,000.

Operating Lease

In March 2007, the Academy entered into a lease agreement with the Phillips Family Trust to use a building and certain surrounding property for a term of twenty-two years. In addition, the Academy has an option to renew the lease for an additional ten years. The maximum rent required by the lease agreement of $1 per year was paid in full for the entire lease term.

Required Supplementary Information

Wyatt Academy
(A Component Unit of Denver Public Schools)
Required Supplementary Information
Schedule of Proportionate Share of the Net Pension Liability and Contributions
Public Employees' Retirement Association of Colorado
Denver Public Schools Division Trust Fund
June 30, 2023

Measurement Date	12/31/22	12/31/21	12/31/20	12/31/19	12/31/18
Proportionate Share of the Net Pension Liability					
Academy's Proportion of the Net Pension Liability	0.0909471011%	0.1237694165%	0.1573636831%	0.1203651714%	0.1659710083%
Net Pension Liability					
Academy's Proportionate Share	$ 789,174	$ 7,390	$ 708,001	$ 793,019	$ 1,697,719
State's Proportionate Share	561,503	2,170	-	351,448	879,578
Net Proportionate Share	$ 1,350,677	$ 9,560	$ 708,001	$ 1,144,467	$ 2,577,297
Academy's Covered-Employee Payroll	$ 1,333,440	$ 1,340,858	$ 1,239,252	$ 1,302,095	$ 1,829,531
Academy's Proportionate Share of the Net Pension Liability as a Percentage of Covered-Employee Payroll	59%	1%	57%	61%	93%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82%	100%	100%	85%	76%

Reporting Date	6/30/23	6/30/22	6/30/21	6/30/20	6/30/19
Academy Contributions					
Statutorily Required Contribution	$ 127,291	$ 106,518	$ 97,112	$ 79,815	$ 74,903
Contributions in Relation to the Statutorily Required Contribution	(127,291)	(106,518)	(97,112)	(79,815)	(74,903)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -
Academy's Covered-Employee Payroll	$ 1,430,490	$ 1,297,171	$ 1,299,789	$ 1,238,011	$ 1,399,846
Contributions as a Percentage of Covered-Employee Payroll	8.90%	8.21%	7.47%	6.45%	5.35%

This schedule is presented to show information for 10 years. Until information for the full 10-year period is available, information will be presented for the years it is available.

(Continued)

Wyatt Academy

(A Component Unit of Denver Public Schools)
Required Supplementary Information
Schedule of Proportionate Share of the Net Pension Liability and Contributions
Public Employees' Retirement Association of Colorado
Denver Public Schools Division Trust Fund
June 30, 2023
(Continued)

Measurement Date	12/31/17	12/31/16	12/31/15	12/31/14	12/31/13
Proportionate Share of the Net Pension Liability					
Academy's Proportion of the Net Pension Liability	0.3162950395%	0.3696615347%	0.4269679938%	0.4402818697%	0.4237529301%
Net Pension Liability					
Academy's Proportionate Share	$ 2,835,617	$ 4,049,539	$ 3,473,534	$ 2,749,868	$ 2,203,956
State's Proportionate Share	-	-	-	-	-
Net Proportionate Share	$ 2,835,617	$ 4,049,539	$ 3,473,534	$ 2,749,868	$ 2,203,956
Academy's Covered-Employee Payroll	$ 2,144,047	$ 2,442,570	$ 2,671,688	$ 2,594,815	$ 2,311,035
Academy's Proportionate Share of the Net Pension Liability as a Percentage of Covered-Employee Payroll	132%	166%	130%	106%	95%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	80%	74%	79%	84%	86%

Reporting Date	6/30/18	6/30/17	6/30/16	6/30/15	6/30/14
Academy Contributions					
Statutorily Required Contribution	$ 99,942	$ 70,842	$ 52,227	$ 59,321	$ 97,064
Contributions in Relation to the Statutorily Required Contribution	(99,942)	(70,842)	(52,227)	(59,321)	(97,064)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -
Academy's Covered-Employee Payroll	$ 2,216,701	$ 2,145,014	$ 2,636,923	$ 2,663,105	$ 2,516,363
Contributions as a Percentage of Covered-Employee Payroll	4.51%	3.30%	1.98%	2.23%	3.86%

This schedule is presented to show information for 10 years. Until information for the full 10-year period is available, information will be presented for the years it is available.

Wyatt Academy
(A Component Unit of Denver Public Schools)
Required Supplementary Information
Schedule of Proportionate Share of the Net OPEB Liability and Contributions
Public Employees' Retirement Association of Colorado
Denver Public Schools Heath Care Trust Fund
June 30, 2023

Measurement Date	12/31/22	12/31/21
Proportionate Share of the Net OPEB Liability		
Academy's Proportion of the Net OPEB Liability	0.1556853698%	0.1587152131%
Academy's Proportionate Share of the Net OPEB Liability	$ 13,683	$ 13,683
Academy's Covered Payroll	$ 1,333,440	$ 1,340,858
Academy's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	1%	1%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	86%	84%

Reporting Date	6/30/23	6/30/22
Academy Contributions		
Statutorily Required Contribution	$ 14,591	$ 13,231
Contributions in Relation to the Statutorily Required Contribution	(14,591)	(13,231)
Contribution Deficiency (Excess)	$ -	$ -
Academy's Covered Payroll	$ 1,430,490	$ 1,297,171
Contributions as a Percentage of Covered Payroll	1.02%	1.02%

This schedule is presented to show information for 10 years. Until information for the full 10-year period is available, information will be presented for the years it is available.

(Continued)

Wyatt Academy

(A Component Unit of Denver Public Schools)
Required Supplementary Information
Schedule of Proportionate Share of the Net OPEB Liability and Contributions
Public Employees' Retirement Association of Colorado
Denver Public Schools Heath Care Trust Fund
June 30, 2023
(Continued)

Measurement Date	12/31/20	12/31/19	12/31/18	12/31/17
Proportionate Share of the Net OPEB Liability				
Academy's Proportion of the Net OPEB Liability	0.1573694569%	0.1737022424%	0.2519567877%	0.3154730805%
Academy's Proportionate Share of the Net OPEB Liability	$ 36,025	$ 63,987	$ 113,809	$ 160,762
Academy's Covered Payroll	$ 1,239,252	$ 1,302,095	$ 1,829,531	$ 2,216,138
Academy's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	3%	5%	6%	7%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	65%	47%	35%	30%

Reporting Date	6/30/21	6/30/20	6/30/19	6/30/18
Academy Contributions				
Statutorily Required Contribution	$ 13,258	$ 12,628	$ 14,278	$ 22,610
Contributions in Relation to the Statutorily Required Contribution	(13,258)	(12,628)	(14,278)	(22,610)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -
Academy's Covered Payroll	$ 1,299,789	$ 1,238,011	$ 1,399,846	$ 2,291,236
Contributions as a Percentage of Covered Payroll	1.02%	1.02%	1.02%	0.99%

This schedule is presented to show information for 10 years. Until information for the full 10-year period is available, information will be presented for the years it is available.

Wyatt Academy

(A Component Unit of Denver Public Schools)

Budgetary Comparison Schedule - General Fund

For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance *Positive (Negative)*
Revenues				
Local Sources				
District Mill Levy	$ 557,280	$ 580,885	$ 600,156	$ 19,271
Student Fees and Activities	2,500	-	4,000	4,000
Contributions and Grants	177,500	122,500	231,689	109,189
Investment Income	-	-	6,445	6,445
Other	96,850	120,398	176,540	56,142
Total Local Sources	834,130	823,783	1,018,830	195,047
State Sources				
Per Pupil Revenue	1,820,480	1,876,263	1,887,870	11,607
At-Risk Supplemental Aid	55,948	57,460	42,640	(14,820)
Additional At-Risk Funding	2,507	2,574	2,365	(209)
Capital Construction	55,080	56,569	64,197	7,628
Grants	91,038	86,628	125,488	38,860
Total State Sources	2,025,053	2,079,494	2,122,560	43,066
Federal Sources				
Grants	355,093	379,184	443,167	63,983
Total Revenues	3,214,276	3,282,461	3,584,557	302,096
Expenditures				
Salaries	1,427,413	1,427,413	1,493,322	(65,909)
Benefits	559,398	591,057	528,679	62,378
Purchased Services	722,982	767,386	716,546	50,840
Supplies and Materials	161,666	201,882	211,547	(9,665)
Property	50,150	113,700	127,737	(14,037)
Other	16,703	6,884	3,244	3,640
Contingencies	81,922	84,432	-	84,432
Debt Service				
Principal	43,804	43,804	43,803	1
Total Expenditures	3,064,038	3,236,558	3,124,878	111,680
Net Change in Fund Balance	150,238	45,903	459,679	413,776
Fund Balance, *Beginning of year*	524,624	724,866	724,865	(1)
Fund Balance, *End of year*	$ 674,862	$ 770,769	$ 1,184,544	$ 413,775

Note 1: Schedule of Proportionate Share of the Net Pension Liability and Contributions

The Public Employees' Retirement Association of Colorado (PERA) Denver Public Schools Division Trust Fund's net pension liability and associated amounts are measured annually at December 31, based on an actuarial valuation as of the previous December 31. The Academy's contributions and related ratios represent cash contributions and any related accruals that coincide with the Academy's fiscal year ending on June 30.

<u>Changes in Assumptions and Other Inputs</u>

For the year ended June 30, 2023, the total pension liability was determined by an actuarial valuation as of December 31, 2021. The following revised economic and demographic assumptions were effective as of December 31, 2021.

- Investment rate of return assumption of 7.25% per year, compounded annually. This assumption did not change from the prior year.
- Price inflation assumption of 2.3% per year. This assumption did not change from the prior year.
- Real rate of investment return assumption of 4.85% per year, net of investment expenses. The rate reflected in the roll-forward calculation of the collective total pension liability to the measurement date was 7.25%. This assumption did not change from prior year.
- Wage inflation assumption of 3.0% per year. This assumption did not change from the prior year.
- Healthy and disabled mortality assumptions are based on the PubT-2010 Employee Tables.

Note 2: Stewardship, Compliance and Accountability

<u>Budgets and Budgetary Accounting</u>

An annual budget is adopted for the Academy 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 1, for their approval. The budget includes proposed expenditures and the means of financing them.

Expenditures may not legally exceed appropriations at the fund level. Revisions that alter the total expenditures of any fund must be approved by the Board of Directors.

All appropriations lapse at fiscal year-end.