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VEGA COLLEGIATE ACADEMY, INC.

A COMPONENT UNIT OF THE JOINT SCHOOL DISTRICT NO. 28-J OF THE COUNTIES OF ADAMS AND ARAPAHOE, COLORADO

AURORA, COLORADO

FINANCIAL STATEMENTS
WITH THE INDEPENDENT AUDITOR'S REPORT

JUNE 30, 2024

VEGA COLLEGIATE ACADEMY, INC.
A COMPONENT UNIT OF JOINT SCHOOL DISTRICT NO. 28-J OF THE COUNTIES OF ADAMS AND ARAPAHOE, COLORADO
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June 30, 2024

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Vega Collegiate Academy, Inc.
Aurora, Colorado

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Vega Collegiate Academy, Inc. (the Academy), a component unit of the Joint School District No. 28-J of the Counties of Adams and Arapahoe, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the basic financial statements of Academy, 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 as of June 30, 2024, 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 of Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the 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

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

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

Board of Directors
Vega Collegiate Academy, Inc.

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 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 risk 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 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 the Academy's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary 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 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.

DMC Auditing and Consulting, LLC

October 2, 2024
Bailey, Colorado

Vega Collegiate Academy, Inc.
Management's Discussion and Analysis
Fiscal Year Ending June 30, 2024

As management of Vega Collegiate Academy, Inc. (Vega or the School), we offer readers of Vega Collegiate Academy, Inc.'s basic financial statements this narrative overview and analysis of the financial activities of the School for the fiscal year ended June 30, 2024. 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, 2024 is the seventh year of operations for Vega. As of June 30, 2024, net position decreased by $1,387,122 to $(4,906,051). Vega Collegiate Academy, Inc.'s governmental funds reported an ending fund balance of $4,874,988, an increase of $695,448 from the prior year.

The operations of the School 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 $6,399,824.

Overview of Financial Statements

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

Government-Wide Financial Statements

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

The statement of net position presents information on the School'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 School supported primarily by Per Pupil Revenue or other revenues passed through from the School's authorizer (Aurora Public Schools). The governmental activities of Vega 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 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 School'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 School maintains two governmental funds and adopts annually appropriated budgets for the funds. Budgetary comparison schedules for the General Fund and the Building Corporation are included in the Required Supplementary Information section of the audit.

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 School's financial position. For the fiscal year ended June 30, 2024, Vega's net position was $(4,906,051). This position includes a net pension liability in the amount of $9,750,855, representing the School's proportionate share of the School Division Trust Fund pension liability, administered by the Public Employees' Retirement Association of Colorado (PERA). The School reports this net pension liability, and associated deferred inflows and outflows of resources, as required by GASB (Governmental Accounting Standards Board) 68. The School's net position also includes a net OPEB (Other Post-Employment Benefits) liability in the amount of $235,444, representing the School's proportionate share of the defined benefit Health Care Trust Fund, administered by PERA. The School 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 School's total net position, $(1,761,414) is invested in capital assets, $281,200 is restricted to comply with Article X, Section 20 of the Colorado Constitution, known as the TABOR Amendment, $55,296 restricted for special education, and $1,155,215 is restricted for debt service.

Vega Collegiate Academy, Inc.'s Net Position

	2023-2024	2022-2023
ASSETS		
Cash and Investments	$ 2,358,501	$ 2,746,925
Restricted Cash and Investments	2,323,047	1,095,251
Accounts and Grants Receivable	167,020	451,417
Prepaid Expenses	69,845	-
Cash Held by District	55,296	52,457
Deposits	5,967	5,967
Capital Assets, Net of Accumulated Depreciation	12,087,470	12,461,671
Right-to-Use Assets, Net of Accumulated Ammortization	391,670	-
TOTAL ASSETS	17,458,816	16,813,688
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Pension Outflows	3,033,856	4,095,210
Deferred OPEB Outflows	202,249	184,710
TOTAL DEFERRED OUTFLOWS OF RESOURCES	3,236,105	4,279,920
LIABILITIES		
Accounts Payable	39,842	82,126
Accrued Liabilities	25,690	90,351
Accrued Interest	262,907	258,667
Unearned Revenue	39,156	-
Noncurrent Liabilities		
Due Within One Year	339,517	199,835
Due in More Than One Year	14,805,962	14,695,892
Net Pension Liabilities	9,750,855	8,877,168
Net OPEB liabilities	235,444	302,096
TOTAL LIABILITIES	25,499,373	24,506,135
DEFERRED INFLOWS OF RESOURCES		
Deferred OPEB Inflows	101,599	106,402
TOTAL DEFERRED OUTFLOWS OF RESOURCES	101,599	106,402
NET POSITION		
Net Investment in Capital Assets	(1,761,414)	(2,434,056)
Restricted for Emergencies	281,200	268,200
Restricted for Special Education	55,296	-
Restricted for Debt Service	1,155,215	2,300,908
Unrestricted	(4,636,348)	(3,653,981)
TOTAL NET POSITION	$ (4,906,051)	$ (3,518,929)

Vega Collegiate Academy, Inc.'s Change in Net Position

	2023-2024	2022-2023
REVENUES		
Per Pupil Revenue	$ 6,399,824	$ 5,694,386
District Mill Levy	1,667,152	1,475,353
Grants not Restricted to Specific Programs	-	295,032
Charges for Services	15,952	12,152
Operating Grants and Contributions	1,860,367	2,701,399
Capital Grants and Contributions	217,913	177,528
Investment Income	60,561	45,193
Other	28,555	20,001
TOTAL REVENUE	10,250,324	10,421,044
EXPENSES		
Instruction	5,548,438	6,270,992
Support Services	5,384,573	4,974,101
Debt Service - Interest	704,435	581,714
TOTAL EXPENSES	11,637,446	11,826,807
CHANGE IN NET POSITION	(1,387,122)	(1,405,763)
NET POSITION, Beginning	(3,518,929)	(2,113,166)
NET POSITION, Ending	$ (4,906,051)	$ (3,518,929)

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.

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 fiscal year, the School's General Fund reported an ending fund balance of $3,707,156, an increase of $622,867 from the prior year. The School maintains a Special Revenue Fund to account for the activities of the Building Corporation. As of the end of the current fiscal year, the Building Corporation reported an ending fund balance of $1,167,832, an increase of $72,581 from the prior year.

General Fund Budgetary Highlights

Vega recognized $233,635 less revenue than expected and spent $42,629 less than planned, when compared to the final budget. There were budget amendments during the year, which reflected changes in revenues and expenditures. Revenues and expenditures were adjusted to align with actual student counts and updated resource assumptions.

Capital Assets & Long-Term Debt

The School has invested in capital assets in the form of the School's educational facility, building improvements, and furniture and equipment. During FY 2023-2024 the School also invested in vehicle and equipment leases, which are capitalized as right-to-use assets. Depreciation and amortization expenses for capital assets are booked under the supporting services program of the School’s operations. More information regarding capital assets may be found in Note 4 to the financial statements.

The School has long-term debt in the form of 2021 Charter School Revenue Bonds issued through the Colorado Educational and Cultural Facility Authority (CECFA). Proceeds of the Bonds were used for the acquisition of land, an educational facility, and renovating, constructing, and equipping the educational facility. During FY 2021-2022, the school obtained two bank loans to finance additional building improvements as well as equipment in support of the School's educational program. During the current fiscal year the School obtained vehicle and equipment leases. More information regarding long-term debt may be found in Note 5 to the financial statements.

Economic Factors and Next Year’s Budget

The primary factor driving the budget for Vega Collegiate Academy, Inc. is student enrollment. Enrollment for the 2023-2024 school year was 554.00 funded students. Enrollment projected for 2024-2025 is 545.00 funded students. This factor was considered when preparing Vega’s budget for 2024-2025.

Requests for Information

This financial report is designed to provide a general overview of Vega Collegiate Academy, Inc.’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:

Vega Collegiate Academy, Inc.
1345 Macon Street
Aurora, CO 80010

BASIC FINANCIAL STATEMENTS

VEGA COLLEGIATE ACADEMY, INC.
STATEMENT OF NET POSITION
June 30, 2024

	PRIMARY GOVERNMENT
	GOVERNMENTAL ACTIVITIES
ASSETS	
Cash and Investments	$ 2,358,501
Restricted Cash and Investments	2,323,047
Cash Held by District	55,296
Accounts Receivables	30,432
Grants Receivable	136,588
Deposits	5,967
Prepaid Expenses	69,845
Capital Assets*, Net of Accumulated Depreciation*	12,087,470
Right-to-Use Assets, *Net of Accumulated Amortization*	391,670
TOTAL ASSETS	17,458,816
DEFERRED OUTFLOWS OF RESOURCES	
Pensions*, Net of Accumulated Amortization*	3,033,856
OPEB*, Net of Accumulated Amortization*	202,249
TOTAL DEFERRED OUTFLOWS OF RESOURCES	3,236,105
LIABILITIES	
Accounts Payable	39,842
Accrued Liabilities	25,690
Accrued Interest Payable	262,907
Unearned Revenue	39,156
Noncurrent Liabilities	
Due in One Year	339,517
Due in More Than One Year	14,805,962
Net Pension Liability	9,750,855
Net OPEB Liability	235,444
TOTAL LIABILITIES	25,499,373
DEFERRED INFLOWS OF RESOURCES	
OPEB*, Net of Accumulated Amortization*	101,599
NET POSITION	
Net Investment in Capital Assets	(1,761,414)
Restricted for Emergencies	281,200
Restricted for Special Education	55,296
Restricted for Debt Service	1,155,215
Unrestricted	(4,636,348)
TOTAL NET POSITION	$ (4,906,051)

See Notes to the Financial Statements.

VEGA COLLEGIATE ACADEMY, INC.
STATEMENT OF ACTIVITIES
Year Ended June 30, 2024

FUNCTIONS / PROGRAMS	EXPENSES	PROGRAM REVENUES: CHARGES FOR SERVICES	PROGRAM REVENUES: OPERATING GRANTS AND CONTRIBUTIONS	PROGRAM REVENUES: CAPITAL GRANTS AND CONTRIBUTIONS	NET (EXPENSE) REVENUE AND CHANGE IN NET POSITION — PRIMARY GOVERNMENT: GOVERNMENTAL ACTIVITIES
PRIMARY GOVERNMENT					
Governmental Activities					
Instruction	$ 5,548,438	$ 15,952	$ 1,076,054	$ -	$ (4,456,432)
Supporting Services	5,384,573	-	784,313	217,913	(4,382,347)
Debt Service - Interest	704,435	-	-	-	(704,435)
TOTAL GOVERNMENTAL ACTIVITIES	$ 11,637,446	$ 15,952	$ 1,860,367	$ 217,913	(9,543,214)
	GENERAL REVENUES				
	Per Pupil Revenue				6,399,824
	Mill Levy Override				1,667,152
	Investment Income				60,561
	Rental Income				23,800
	Other				4,755
	TOTAL GENERAL REVENUES				8,156,092
	CHANGE IN NET POSITION				(1,387,122)
	NET POSITION, Beginning				(3,518,929)
	NET POSITION, Ending				$ (4,906,051)

VEGA COLLEGIATE ACADEMY, INC.
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2024

	GENERAL	BUILDING CORPORATION	TOTAL
ASSETS			
Cash and Investments	$ 2,358,501	$ -	$ 2,358,501
Restricted Cash and Investments	1,155,215	1,167,832	2,323,047
Cash Held by District	55,296	-	55,296
Accounts Receivables	30,432	-	30,432
Grants Receivable	136,588	-	136,588
Deposits	5,967	-	5,967
Prepaid Expenditures	69,845	-	69,845
TOTAL ASSETS	$ 3,811,844	$ 1,167,832	$ 4,979,676
LIABILITIES AND FUND BALANCE			
LIABILITIES			
Accounts Payable	$ 39,842	$ -	$ 39,842
Accrued Liabilities	25,690	-	25,690
Unearned Revenue	39,156	-	39,156
TOTAL LIABILITIES	104,688	-	104,688
FUND BALANCES			
Nonspendable			
Deposits	5,967	-	5,967
Prepaid Expenditures	69,845	-	69,845
Restricted for:			
Emergencies	281,200	-	281,200
Special Education	55,296	-	55,296
Debt Service	1,155,215	1,167,832	2,323,047
Unassigned	2,139,633	-	2,139,633
TOTAL FUND BALANCES	3,707,156	1,167,832	4,874,988
TOTAL LIABILITIES AND FUND BALANCES	$ 3,811,844	$ 1,167,832	$ 4,979,676

VEGA COLLEGIATE ACADEMY, INC.
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
June 30, 2024

AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET POSITION ARE DIFFERENT BECAUSE:		
Total Fund Balances of Governmental Funds	$	4,874,988
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds.		12,479,140
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		(1,159,664)
Financed Purchase		(134,090)
Revenue Bonds Payable		(12,430,000)
Bond Premium		(996,856)
Leases Payable		(424,869)
Accrued Interest Payable		(262,907)
Net Pension Liability		(9,750,855)
Pension-Related Deferred Outflows of Resources		3,033,856
Net OPEB Liability		(235,444)
OPEB-Related Deferred Outflows of Resources		202,249
OPEB-Related Deferred Inflows of Resources		(101,599)
Total Net Position of Governmental Activities	$	(4,906,051)

See Notes to the Financial Statements.

VEGA COLLEGIATE ACADEMY, INC.
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2024

	GENERAL	BUILDING CORPORATION	TOTAL
REVENUES			
Local Sources	$ 2,099,315	$ 801,328	$ 2,900,643
State Sources	7,299,285	-	7,299,285
Federal Sources	796,429	-	796,429
TOTAL REVENUES	10,195,029	801,328	10,996,357
EXPENDITURES			
Instruction	4,324,217	-	4,324,217
Supporting Services	5,523,702	2,547	5,526,249
Debt Service			
Principal	164,146	120,000	284,146
Interest and Fees	114,618	626,200	740,818
TOTAL EXPENDITURES	10,126,683	748,747	10,875,430
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	68,346	52,581	120,927
OTHER FINANCING SOURCES (USES)			
Proceeds from Financed Purchases	65,339	-	65,339
Proceeds from Leases	509,182	-	509,182
Transfers In	-	20,000	20,000
Transfers Out	(20,000)	-	(20,000)
TOTAL OTHER FINANCING SOURCES (USES)	554,521	20,000	574,521
CHANGE IN FUND BALANCES	622,867	72,581	695,448
FUND BALANCES, Beginning	3,084,289	1,095,251	4,179,540
FUND BALANCES, Ending	$ 3,707,156	$ 1,167,832	$ 4,874,988

See Notes to the Financial Statements.

VEGA COLLEGIATE ACADEMY, INC.

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

Year Ended June 30, 2024

AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF ACTIVITIES ARE DIFFERENT BECAUSE:

Net Change in Fund Balances of the Governmental Funds	$	695,448
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		(562,872)
Capital Outlay		580,341
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.		324,769
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position and does not affect the statement of activities. This is the effect of these differences in the treatment of long-term debt and related items:		
Lease Proceeds		(509,182)
Financed Purchase Proceeds		(65,339)
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:		
Accrued Interest Payable		(4,240)
Net Pension Liability		(873,687)
Pension-Related Deferred Outflows of Resources		(1,061,354)
Net OPEB Liability		66,652
OPEB-Related Deferred Outflows of Resources		17,539
OPEB-Related Deferred Inflows of Resources		4,803
Change in Net Position of Governmental Activities	$	(1,387,122)

NOTE 1: Summary of Significant Accounting Policies

The Vega Collegiate Academy, Inc. (the Academy) was established pursuant to the Colorado Charter Schools Act to form and operate a charter school within Joint School District No. 28-J of the Counties of Adams and Arapahoe, Colorado (Aurora Public School District or the District). The Academy began operations in the Fall of 2017.

The accounting policies of the Academy conform to generally accepted accounting principles 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 significant accounting 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 the organization has the potential to provide benefits to, or impose financial burdens on, the Academy. The Academy is a component unit of the Aurora Public School District.

The School includes the Building Corporation within its reporting entity. The entity was formed to acquire and hold real and/or personal property for, and to lease or make the same available for use by, the School, and to otherwise provide facilities, equipment and other physical infrastructure and related support to the School. The Building Corporation is blended into the School's financial statements as a special revenue fund and does not issue 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 activities of the Academy. *Governmental activities*, which 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 other customers who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues.*

Major individual governmental funds and other significant funds identified by management are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

The *General Fund* is the Academy's primary operating fund. It accounts for all financial activities of the Academy.

NOTE 1: Summary of Significant Accounting Policies (Continued)

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

The *Building Fund* is used to account for the financial activities of the Building Corporation, primarily related to capital assets and the related debt service.
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. The Academy considers all other revenues to be available if they are collected within 60 days of the end of the current year, except for State and federal grants.

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 received by the Academy.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

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

Assets, Liabilities, and Fund Balance / Net Position

Cash and Investments – Cash equivalents include investments with original maturities of three months or less. Investments are reported at fair value.

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

Prepaid Expenditures – Certain payments to vendors reflect costs applicable to future years and reported as prepaid expenditures or prepaid expenses.

Capital Assets - Capital assets, which include property 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. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized. Capital assets are depreciated using the straight-line method over the following estimated useful lives.

Building	30 years
Building Improvements	10-25 years
Equipment	5-15 years

NOTE 1: Summary of Significant Accounting Policies (Continued)

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

Deferred Outflows of Resources – Deferred outflows of resources in the governmental fund financial statements are related to pension and OPEB liabilities but not recognized as a use of current financial resources.

Accrued Salaries and Benefits - Salaries and retirement benefits are paid July to June but are earned during a school year of approximately nine to ten months.

Compensated Absences – The Academy's policy allows employees to accumulate sick leave and personal leave. However, employees are not paid for unused sick or personal leave upon termination of employment. Therefore, no liability for accumulated leave is reported in the financial statements.

Leases – The Academy determines if an arrangement is a lease at inception. For leasing arrangements where the Academy is the lessee, leases are reported as right-to-use assets and noncurrent liabilities in the statement of net position.

Lease assets represent the Academy's control of the right-to-use an underlying asset for the lease term, as specified in the contract, in an exchange or exchange-like transaction. Lease assets are recognized at the commencement date on the initial measurement of the lease liabilities, plus any payment made to the lessor at or before the commencement of the lease term and certain direct costs. Lease assets are amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset. Leased assets are defined by the Academy as assets with an initial, individual cost of more than $5,000.

Lease liabilities represent the Academy's obligation to make lease payments arising from the lease. Lease liabilities are recognized at the commencement date based on the present value of expected lease payments over the lease term, less any lease incentives. Interest expense is recognized over the contract term. The lease term may include options to extend or terminate the lease when it is reasonably certain that the Academy will exercise that option. For individual lease contracts where information about the discount rate implicit in the lease is not included, the Academy has elected to use the incremental borrowing rate to calculate the present value of expected lease payments.

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

Postemployment Benefits Other Than Pensions (OPEB) - The Academy participates in the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit 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, and additions to and deductions from the HCTF's fiduciary net position have been determined using the economic resources measurement focus and the accrual basis of accounting, the same basis of accounting used by the SCHDTF.

NOTE 1: Summary of Significant Accounting Policies (Continued)

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

For this purpose, the SCHCTF recognizes benefit payments when due and payable in accordance with the benefit terms. Employer contributions are recognized when the compensation is payable to the employees. Investments are reported at fair value.

Deferred Inflows of Resources – Deferred inflows of resources in the governmental fund financial statements are related to pension and OPEB liabilities but not available as current financial resources.

Net Position/Fund Balances - In the government-wide and fund financial statements, net position and fund balances 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.

NOTE 2: Cash and Investments

At June 30, 2024, the Academy had the following cash and investments:

Petty Cash	$	100
Deposits		3,526,233
Cash Held by District		55,296
Investments		1,155,215
Total	$	4,736,844

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

Cash and Investments	$	2,358,501
Restricted Cash and Investments		2,323,047
Cash Held by District		55,296
Total	$	4,736,844

Deposits

The Colorado Public Deposit Protection Act (PDPA) requires 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, 2024, the Academy had bank deposits of $3,352,969 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 from the date of purchase unless the governing board authorizes the investment for a period in excess of five years.

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

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

Local Government Investment Pool - At June 30, 2024, the Academy had $1,155,215 invested in the Colorado Surplus Asset Fund Trust (CSAFE) (the Pool), investment vehicle 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 Pool. The Pool operates in conformity with the Securities and Exchange Commission's Rule 2a-7. The Pool is reported at the net asset value per share, with each share valued at $1. The Pool is rated AAAm by Standard and Poor's. Investments of the Pool 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.

Restricted Cash and Investments

Investments of $1,167,832 have been restricted by the Building Corporation for future debt service. Cash equivalents of $1,155,215 have been restricted by loan agreement as collateral.

Cash Held by District for Special Education

The Academy reported cash held by the District to be used for future legal costs related to the special education program (Note 8).

NOTE 3: Transfers

During fiscal year ended June 30, 2024, the Academy transferred $20,000 to the Building Corporation to replenish the required debt service reserves.

NOTE 4: Capital Assets

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

	Balance 6/30/2023	Additions	Deletions	Balance 6/30/2024
Governmental Activities				
Capital Assets, Being Depreciated:				
Building	$ 12,698,906	$ -	$ -	$ 12,698,906
Building Improvements	175,575	5,820	-	181,395
Furniture and Equipment	68,584	65,339	-	133,923
Total Capital Assets, Being Depreciated	12,943,065	71,159	-	13,014,224
Less Accumulated Depreciation:				
Building	(352,747)	(423,297)	-	(776,044)
Building Improvements	(94,864)	(10,100)	-	(104,964)
Furniture and Equipment	(33,783)	(11,963)	-	(45,746)
Total Accumulated Depreciation	(481,394)	(445,360)	-	(926,754)
Capital Assets, Governmental Activities, Net	$ 12,461,671	$ (374,201)	$ -	$ 12,087,470
Lease Right-to-Use Assets, Being Amortized:				
Right-to-Use Assets - Vehicles and Equipment	$ -	$ 509,182	$ -	$ 509,182
Less Accumulated Amortization	-	(117,512)	-	(117,512)
Lease Right-to-Use Assets, Being Amortized, Net	$ -	$ 391,670	$ -	$ 391,670

Depreciation and amortization expense of the governmental activities was charged to the supporting services program of the Academy.

NOTE 5: Long-Term Debt

Following is a summary of long-term debt transactions for the year ended June 30, 2024.

	Balance 6/30/2023	Additions	Reductions	Balance 6/30/2024	Due in One Year
Governmental Activities					
2022 Loan	$ 1,210,560	$ -	$ 50,896	$ 1,159,664	$ 52,445
2021 Financed Purchase - Equipment	97,688	-	28,937	68,751	30,662
2024 Financed Purchase - Walk-In Cooler	-	65,339	-	65,339	11,657
2021 Series A Revenue Bonds	12,290,000	-	-	12,290,000	-
2021 Series A Revenue Bonds Premium	1,037,479	-	40,623	996,856	-
2021 Series B Revenue Bonds	260,000	-	120,000	140,000	125,000
Leases Payable	-	509,182	84,313	424,869	119,753
Total Long-Term Liabilities	$ 14,895,727	$ 574,521	$ 324,769	$ 15,145,479	$ 339,517

On February 23, 2021, the Colorado Educational and Cultural Facilities Authority (CECFA) issued $12,665,000 Charter School Revenue Bonds, Series 2021A and Series 2021B. Proceeds of the bonds were loaned to the Corporation to finance the acquisition and renovation of land and educational facilities. The Academy is obligated under a lease agreement to make monthly payments to the Corporation for the use of the facilities. The Corporation is required to make equal loan payments to the Trustee, for payment of the bonds. The bonds accrue interest at rates ranging from 4.5% to 5% per annum. Interest payments are due semi-annually on February 1 and August 1. Principal payments are due annually on February 1, beginning in 2023 through 2061.

NOTE 5: Long-Term Debt (Continued)

Bond payments to maturity are as follows:

Year Ended June 30,	Principal	Interest	Total
2025	$ 125,000	$ 620,800	$ 745,800
2026	130,000	615,175	745,175
2027	135,000	608,750	743,750
2028	140,000	602,000	742,000
2029	150,000	595,000	745,000
2030-2034	860,000	2,855,750	3,715,750
2035-2039	1,100,000	2,617,500	3,717,500
2040-2044	1,405,000	2,314,000	3,719,000
2045-2049	1,795,000	1,925,500	3,720,500
2050-2054	2,290,000	1,429,750	3,719,750
2055-2059	2,915,000	797,250	3,712,250
2060-2061	1,385,000	104,750	1,489,750
Total	$ 12,430,000	$ 15,086,225	$ 27,516,225

On August 30, 2021, the Academy entered into a $1,300,000 loan agreement for 60 months with Citywide Banks to finance the renovation of the educational facilities. The Academy is obligated to make monthly payments of $23,385 beginning September 15, 2021, through August 30, 2026, with a balloon payment of $1,044,014 due on August 30, 2026. Interest accrues at an interest rate of 3% per annum. The loan is collateralized by the Academy's cash balance of $1,155,215. Loan payments to maturity are as follows:

Year Ended June 30,	Principal	Interest	Total
2025	$ 52,445	$ 34,073	$ 86,518
2026	54,040	32,478	86,518
2027	1,053,179	5,254	1,058,433
Total	$ 1,159,664	$ 71,805	$ 1,231,469

On July 1, 2021, the Academy entered into a financed purchase agreement with KS StateBank in the amount of $264,202 for 60 months to finance the purchase of office equipment, storage equipment, and furniture. The Academy is obligated to make monthly payments of $5,059 beginning July 1, 2021, through June 1, 2026. Interest accrues at an interest rate of 5.7% per annum. The loan is collateralized by the equipment purchased. Financed purchase payments to maturity are as follows:

Year Ended June 30,	Principal	Interest	Total
2025	$ 30,662	$ 3,181	$ 33,843
2026	32,489	1,354	33,843
2027	5,600	41	5,641
Total	$ 68,751	$ 4,576	$ 73,327

NOTE 5: Long-Term Debt (Continued)

On August 1, 2023, the Academy entered into a financed purchase agreement with the District with the initial amount of $65,339 for 10 years to purchase a walk-in cooler (equipment). The financed purchase will increase after the equipment is installed in the following fiscal year to the total amount of $85,297. The Academy is obligated to make monthly payments of approximately $646 beginning July 2024, through June 2034. No interest accrues on the financed purchase of the equipment. Financed purchase payments to maturity are as follows:

Year Ended June 30,	Principal	Interest	Total
2025	$ 11,657	$ -	$ 11,657
2026	11,657	-	11,657
2027	7,748	-	7,748
2028	7,748	-	7,748
2029	7,748	-	7,748
2030 - 2034	38,739	-	38,739
Total	$ 85,297	$ -	$ 85,297

On July 18, 2023, the Academy leased the right to use three 15 passenger buses for eleven months per year. The Academy is obligated to make base monthly payments ranging between $2,602 to $3,356 for periods ranging from 36 to 60 months from the commencement date. Buses are owned by the lessor and required to be returned in an acceptable condition at the end of each lease term. Implicit interest rate on the lease is 5% per annum. During fiscal year ended June 30, 2024, the Academy paid $94,160, including principal and interest of $76,741 and $17,419, respectively. At June 30, 2024, the right-to-use assets were valued at $348,374 with an accumulated amortization of $83,078. Annual amortization expense for the right-to-use asset was $83,078.

On February 2, 2024, the Academy leased the right to use copy equipment. The Academy is obligated to make base monthly payments of $3,903 for a period of 60 months from the commencement date. The equipment is owned by the lessor and required to be returned at the end of the lease term. Implicit interest rate on the lease is 5% per annum. During fiscal year ended June 30, 2024, the Academy paid $15,612, including principal and interest of $7,572 and $8,040, respectively. At June 30, 2024, the right-to-use assets were valued at $160,808 with an accumulated amortization of $34,434. Annual amortization expense for the right-to-use asset was $34,434. Minimum lease payments to maturity are as follows:

Year Ended June 30,	Principal	Interest	Total
2025	$ 119,753	$ 21,243	$ 140,996
2026	125,741	15,256	140,997
2027	95,116	8,969	104,085
2028	84,259	4,213	88,472
Total	$ 424,869	$ 49,681	$ 474,550

NOTE 6: Defined Benefit Pension Plan

General Information

Plan Description - The Academy contributes to the School Division Trust Fund (SDTF), a cost-sharing multiple-employer defined benefit pension plan administered by the Public Employees' Retirement Association of Colorado (PERA). All employees of the Academy participate in the SDTF. Title 24, Article 51 of the Colorado Revised Statutes (CRS), administrative rules set at 8 C.C.R. 1502-1, and applicable provisions of the federal Internal Revenue Code assign the authority to establish and amend plan provisions to the State Legislature. PERA issues a publicly available annual comprehensive financial report, that includes information on the SDTF, which may be obtained at www.copera.org/investments/pera-financial-reports.

Benefits Provided as of December 31, 2023 - The SDTF provides retirement, disability, and survivor benefits to plan participants or their beneficiaries. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure in place, the benefit option selected at retirement, and age at retirement. The retirement benefit is the greater of the a) highest average salary over five years multiplied by 2.5% and then multiplied by years of service credit, or b) the value of the participant's contribution account plus an equal match on the retirement date, annualized into a monthly amount based on life expectancy and other actuarial factors. In no case can the benefit amount exceed the highest average salary, or the amount allowed by applicable federal regulations.

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 CRS Subject to the automatic adjustment provision (AAP) under CRS § 24-51-413, eligible benefit recipients under the PERA benefit structure who began membership before January 1, 2007, will receive the maximum annual increase (AI) or AI cap of 1% 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% 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). The AAP may raise or lower the aforementioned AI cap by up to 0.25% based on the parameters specified in CRS § 24-51-413.

Disability benefits are available for eligible employees once they reach five years of earned service credit and meet the definition of a disability. The disability benefit amount is based on the retirement benefit formula described previously, considering a minimum of 20 years of service credit.

Survivor benefits are determined by several factors, which include the amount of earned service credit, highest average salary of the deceased, the benefit structure in place, and the qualified survivor receiving the benefits.

Contributions provisions as of June 30, 2024 - The Academy, State, and eligible employees are required to contribute to the SDTF at rates established by Title 24, Article 51, Part 4 of the CRS. These contribution requirements are established and may be amended by the State Legislature. The contribution rate for employees was 11% for the period from July 1, 2023, through June 30, 2024. The Academy's contribution rate for the fiscal year was 21.40% of covered salaries. However, a portion of the Academy's contribution (1.02% of covered salaries) is allocated to the Health Care Trust Fund (Note 7). The Academy's contributions to the SDTF for the year ended June 30, 2024, were $789,892, equal to the required contributions.

NOTE 6: Defined Benefit Pension Plan (Continued)

General Information (Continued)

For the purposes of GASB 68 paragraph 15, a circumstance exists in which a nonemployer contributing entity is legally responsible for making contributions to the SDTF and is considered to meet the definition of a special funding situation. As specified in CRS § 24-51-414, the State of Colorado is required to contribute a $225 million direct distribution each year to PERA starting on July 1, 2018. A portion of the direct distribution payment is allocated to the SDTF based on the proportionate amount of annual payroll of the SDTF to the total annual payroll of the SDTF. Direct distribution from the State was suspended in 2020. To compensate PERA for the suspension, CRS § 24-51-414(6-8) required restorative payment by providing an accelerated payment in 2022. In 2022, the State Treasurer issued payment for the direct distribution of $225 million plus an additional amount of $380 million. Due to the advanced payment made in 2022, the State reduced the distribution in 2023 to $35 million. Additionally, the newly added CRS § 24-51-414(9) provides compensatory payment of $14.561 million for 2023 only.

The net pension liability was measured at December 31, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2022. Standard update procedures were used to roll forward the total pension liability to December 31, 2023.

The Academy's proportion of the net pension liability was based on the Academy's contributions to the SDTF for the calendar year ended December 31, 2023, relative to the total contributions of participating employers and the State as a nonemployer contributing entity.

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

At December 31, 2023, the Academy's proportion was 0.0551412234%, which was an increase of 0.0063909306% from its proportion measured at December 31, 2023.

At June 30, 2024, the Academy reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the Academy. The amount recognized by the Academy as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the Academy were as follows:

Academy's proportionate share of the net pension liability	$ 9,750,855
State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the Academy	213,807
Total	$ 9,964,662

For the year ended June 30, 2024, the Academy recognized pension expense of $2,664,872 and a revenue of ($16,290) for support from the State as a nonemployer contributing entity. At June 30, 2024, the Academy reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

NOTE 6: Defined Benefit Pension Plan (Continued)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 462,376	$ -
Changes of assumptions and other inputs	-	-
Net difference between projected and actual earnings on plan investments	698,983	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	1,459,602	-
Contributions subsequent to the measurement date	412,895	-
Total	$ 3,033,856	$ -

Academy contributions subsequent to the measurement date of $412,895 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,	
2025	$ 1,122,714
2026	943,602
2027	749,541
2028	(194,896)
Total	$ 2,620,961

Actuarial Assumptions - The actuarial valuation as of December 31, 2022, determined the total pension liability using the following actuarial assumptions and other inputs.

Actuarial cost method	Entry age
Price inflation	2.30%
Real wage growth	0.70%
Wage inflation	3.00%
Salary increases, including wage inflation	3.80% - 11.50%
Long-term investment rate of return, net of plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Post-retirement benefit increases:	
Hired prior to 1/1/07 thereafter, compounded annually	1.00%
Hired after 12/31/06	Financed by the AIR

NOTE 6: Defined Benefit Pension Plan (Continued)

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

Post-retirement benefit increases are provided by the annual increase reserve, accounted for separately in SDTF, and subject to resources being available. Therefore, liabilities related to increases for members of these benefit tiers can never exceed available assets.

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: 1) 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 and 2) 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 upon the Pub-2010 Contingent Survivor Table, adjusted as follows: 1) males: 97% of the rates for all ages, with generational projection using scale MP-2019 and 2) females: 105% of the rates for all ages, with generational projection using scale MP-2019.

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

The actuarial assumptions used in the December 31, 2022, valuation were based on the results of the 2020 experience analysis for the period January 1, 2016, through December 31, 2019, and were reviewed and adopted by the PERA Board at their November 20, 2020, meeting.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared at least every five years and asset/liability studies performed every three 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 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 weighing the expected future real rates of return by the target asset allocation percentages and then adding expected inflation.

The PERA Board first adopted the 7.25% long-term expected rate of return as of November 18, 2016. Following an asset/liability study, the Board reaffirmed the assumed rate of return at the Board's November 15, 2019, meeting, to be effective January 1, 2020. 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:

NOTE 6: Defined Benefit Pension Plan (Continued)

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

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%	

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 exptected nominal rate of return assumption of 7.25%.

Discount Rate - The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate applied to 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, required adjustments resulting from the 2018 and 2020 AAP assessments. Employee contributions for future plan participants were used to reduce the estimated amount of total service costs for future plan members.
- Academy 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, required adjustments resulting from the 2018 and 2020 AAP assessments. Academy contributions also include current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103%, at which point the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated Academy contributions reflect reductions for the funding of the annual increase reserve and retiree health care benefits. For future plan members, Academy contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- As specified in law, the state, as a nonemployer contributing entity, will provide an annual direct distribution of $225 million, commencing July 1, 2018, that is proportioned between the PERA Division Trust Funds, including SDTF, based upon the covered payroll. The annual direct distribution ceases when all PERA Division Trust Funds are fully funded.

NOTE 6: Defined Benefit Pension Plan (Continued)

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

- Academy contributions and the amount of total service costs for future plan participants were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The annual increase reserve balance was excluded from the initial fund net position, as, per statute, annual increase reserve amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. Annual increase reserve transfers to the fiduciary net position and the subsequent annual increase reserve benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the middle of the year.
- Beginning with the December 31, 2023, measurement date and thereafter, the fiduciary net position as of the current measurement date is used as a starting point for the GASB 67 projection test.

Based on the above assumptions and methods, the SDTF's fiduciary net position was projected to be available to make all projected future benefit payments of current participants. 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 total pension liability. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25%. There was no change in the discount rate from the prior measurement date.

Sensitivity of the Academy's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the Academy's proportionate share of the net pension liability calculated using the discount rate of 7.25%, as well as the Academy's proportionate share of the net pension liability if it were calculated using a discount rate that is one percentage point lower or one percentage point higher 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	$ 13,038,516	$ 9,750,855	$ 7,009,344

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

NOTE 7: Postemployment Healthcare Benefits

General Information

Plan Description - All employees of the Academy are eligible to receive postemployment benefits other than pensions (OPEB) through the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the Public Employees' Retirement Association of Colorado (PERA). Title 24, Article 51, Part 12 of the Colorado Revised Statutes (CRS), 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 carryout the purposes of the PERACare program, including administration of the premium subsidies. CRS provisions may be amended by the Colorado General Assembly. PERA issues a publicly available financial report, that includes information on the HCTF, which may be obtained at www.copera.org/investments/pera-financial-reports.

Benefits Provided - The HCTF provides a healthcare premium subsidy to eligible participating 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). Eligibility to enroll is voluntary and includes benefit recipients, their eligible dependents and surviving spouses, among others. Eligible benefit recipients may enroll in the HCTF upon retirement, upon the occurrence of certain life events, or on an annual basis during an open enrollment period. The health care premium subsidy is based on the benefit structure under which the member retires and the member's years of service credit.

CRS § 24-51-1202 et seq. specifies the eligibility for enrollment in the health care plans offered by PERA and the amount of the premium subsidy. The law governing a benefit recipient's eligibility for the subsidy and the amount of the subsidy differs slightly depending under which benefit structure the benefits are calculated. All benefit recipients under the PERA benefit structure are eligible for a premium subsidy, if enrolled in a health care plan under PERACare. The basis for the amount of the premium subsidy funded by each trust fund is the percentage of the member contributions account balance from each division as it relates to the total member contribution account balance from which the retirement benefit is paid.

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, and $115 per month for benefit recipients who are over 65 years of age or who are under 65 years of age and entitled to Medicare. The maximum subsidy is based on 20 or more years of service. The subsidy is reduced by 5% for each year of service less than 20 years. The benefit recipient pays the remaining portion of the premium not covered by the subsidy.

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, CRS § 24-51-12-6(4) provides an additional subsidy. According to the State statute, PERA cannot charge premiums to benefit recipients without Medicare Part A that are greater than premiums charged to benefit recipients with Part A for the same plan option, coverage level, and service credit. Currently, for each individual PERACare enrollee, the total premium for Medicare coverage is determined assuming plan participants have both Medicare Part A and Part B and the difference in premium cost is paid by the HCTF on behalf of recipients not covered by Medicare Part A.

NOTE 7: Postemployment Healthcare Benefits (Continued)

General Information (Continued)

Contributions - As established by Title 24, Article 51, Section 208(1)(f) of the CRS, as amended, 1.02% of the Academy's contributions to the School Division Trust Fund (SDTF) (Note 6) are apportioned to the HCTF. No employee contributions are required. These contribution requirements are established and may be amended by the State Legislature. The Academy's apportionment to the HCTF for the year ended June 30, 2024, was $39,533, equal to the required amount.

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

At June 30, 2024, the Academy reported a net OPEB liability of $235,444, representing its proportionate share of the net OPEB liability of the HCTF. The net OPEB liability was measured at December 31, 2023, and the total OPEB liability 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 total OPEB liability to December 31, 2023.

The Academy's proportion of the net OPEB liability was based on the Academy's contributions to the HCTF for the calendar year ended December 31, 2023, relative to the contributions of all participating employers.

At December 31, 2023, the Academy's proportion was 0.0329879850%, which was a decrease of 0.0040118960% from its proportion measured at December 31, 2022.

For the year ended June 30, 2024, the Academy recognized OPEB expense of ($10,271). At June 30, 2024, the Academy reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 48,258
Changes of assumptions and other inputs	2,769	24,965
Net difference between projected and actual earnings on plan investments	7,281	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	171,534	28,376
Contributions subsequent to the measurement date	20,665	-
Total	$ 202,249	$ 101,599

NOTE 7: Postemployment Healthcare Benefits (Continued)

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

Academy contributions subsequent to the measurement date of $20,665 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,	
2025	$ 18,844
2026	26,308
2027	27,036
2028	7,801
2029	693
2030	(697)
Total	$ 79,985

Actuarial Assumptions - The actuarial valuation as of December 31, 2022, determined the total OPEB liability using the following actuarial cost method, actuarial assumptions, and other inputs, applied to all periods included in the measurement.

Actuarial Cost Method	Entry Age
Price inflation	2.30%
Real wage growth	0.70%
Wage inflation	3.00%
Salary increases, including wage inflation	3.80% - 11.50%
Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Heath care cost trend rates:	
Service-based premium subsidy	0.0%
PERACare Medicare plans	
7% in 2023, gradually decreasing to 4.5% in 2033	
Medicare Part A premiums:	
3.5% in 2023, gradually increasing to 4.5% in 2035	

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

NOTE 7: Postemployment Healthcare Benefits (Continued)

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

Annually, the per capita health care costs are developed by plan option. At December 31, 2023, the plan options include 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 to all members and is adjusted accordingly for those not eligible for premium-free Medicare Part A for the PERA benefit structure.

Age-Related Morbidity Assumptions

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

In determining the additional liability for PERACare enrollees who are age 65 or older and who are not eligible for premium-free Medicare Part A in the December 31, 2023, valuation, the following monthly costs/premium are assumed for 2023 for the PERA Benefit Structure:

Sample Age	MAPD PPO #1 with Medicare Part A for Retiree / Spouse		MAPD PPO #2 with Medicare Part A for Retiree / Spouse		MAPD HMO (Kaiser) with Medicare Part A for Retiree / Spouse	
	Male	Female	Male	Female	Male	Female
65	$ 1,692	$ 1,406	$ 579	$ 481	$ 1,913	$ 1,589
70	$ 1,901	$ 1,573	$ 650	$ 538	$ 2,149	$ 1,778
75	$ 2,100	$ 1,653	$ 718	$ 566	$ 2,374	$ 1,869

Sample Age	MAPD PPO #1 without Medicare Part A for Retiree / Spouse		MAPD PPO #2 without Medicare Part A for Retiree / Spouse		MAPD HMO (Kaiser) without Medicare Part A for Retiree / Spouse	
	Male	Female	Male	Female	Male	Female
65	$ 1,692	$ 1,406	$ 579	$ 481	$ 1,913	$ 1,589
70	$ 1,901	$ 1,573	$ 650	$ 538	$ 2,149	$ 1,778
75	$ 2,100	$ 1,653	$ 718	$ 566	$ 2,374	$ 1,869

The 2022 Medicare Part A premium is $506 per month. All costs are subject to the health care cost trend rates.

NOTE 7: Postemployment Healthcare Benefits (Continued)

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

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

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and industry methods developed by health plan actuaries and administrators. In addition, projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services are referenced in the development of these rates. Effective December 31, 2022, the health care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

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

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

Mortality assumptions used in the December 31, 2022, valuation for the determination of the total pension liability, reflect generational mortality and were applied, as applicable, in the determination of the total OPEB liability for the HCTF, but developed using a headcount-weighted basis. SDTF participates in the HCTF.

The pre-retirement mortality assumptions for the SDTF were based upon the PubT-2010 Employee Table with generational projection using scale MP-2019. Post-retirement non-disabled mortality assumptions for the SDTF were based upon the PubT-2010 Healthy Retiree Table, adjusted as follows: 1) 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 and 2) females: 83% of the rates prior to age 80 and 106% of the rates for ages 80 and older, with generational projection using scale MP-2019.

NOTE 7: Postemployment Healthcare Benefits (Continued)

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

Post-retirement non-disabled beneficiary mortality assumptions were based upon the Pub-2010 Contingent Survivor Table, adjusted as follows: 1) males: 97% of the rates for all ages, with generational projection using scale MP-2019 and 2) females: 105% of the rates for all ages, with generational projection using scale MP-2019. Disabled mortality assumptions for SDTF members 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 health care costs assumptions were updated and used in the roll-forward calculation for the HCTF. Per capita health care costs as of the December 31, 2022, valuation date for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits were updated to reflect the costs for the 2023 plan year. The morbidity rates used to estimate individual retiree and spouse costs by age and by gender were updated effective for the December 31, 2022, actuarial valuation. The revised morbidity rate factors are based on a review of historical claims experience by age, gender, and status from actuary's claims data warehouse. The healthcare cost trend rates applicable to health care premiums were revised to reflect the then-current expectation of future increases in those premiums.

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

The actuarial assumptions used in the December 31, 2022, valuations 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, and were reviewed and adopted by the PERA Board at their November 20, 2020, meeting.

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

Several factors are considered in evaluating the long-term rate of return assumption, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentages and then adding expected inflation.

The PERA Board first adopted the 7.25% long-term expected rate of return as of November 18, 2016. Following an asset/liability study, the Board reaffirmed the assumed rate of return at the Board's November 15, 2019, meeting, to be effective January 1, 2020.

NOTE 7: Postemployment Healthcare Benefits (Continued)

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

As of the most recent reaffirmation of the long-term rate of return, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the table as follows:

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

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

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

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2023, measurement date.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3%.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Estimated transfers of dollars into the HCTF representing a portion of purchase service agreements intended to cover the costs associated with OPEB benefits.
- Benefit payments and contributions were assumed to be made at the middle of the year.
- Beginning with the December 31, 2023, measurement date and thereafter, the fiduciary net position as of the current measurement date is used as a starting point for the GASB 74 projection test.

NOTE 7: Postemployment Healthcare Benefits (Continued)

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

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

Based on the above assumptions and methods, the HCTF's fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25% on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability. 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 Health Care Cost Trend Rates. The following presents the net OPEB liability using the current health care cost trend rates applicable to the PERA benefit structure, as well as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rates:

	1% Decrease in Trend Rates	Current Trend Rates (7.25%)	1% Increase in Trend Rates
Initial PERACare Medicare trend rate	5.75%	6.75%	7.75%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	2.50%	3.50%	4.50%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability	$ 228,686	$ 235,444	$ 242,795

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	$ 278,089	$ 235,444	$ 198,961

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

NOTE 8: Commitments and Contingencies

Claims and Judgments

The Academy participates in a number of federal, state, and local programs that are fully or partially funded by grants received from other governmental entities. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Academy may be required to reimburse the grantor government. At June 30, 2024, significant amounts of grant 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 Article X, Section 20 (the Amendment) to the State Constitution which limits state and local government taxing powers and imposes spending limits. The Academy is subject to the Amendment.

The Amendment is subject to many interpretations, but the Academy believes it is in substantial compliance with the Amendment. The Amendment requires the Academy to establish a reserve for emergencies, representing 3% of qualifying expenditures. At June 30, 2024, the Academy’s emergency reserve was reported as restricted fund balance in the General Fund, in the amount of $281,200.

Special Education Reserve

The Academy’s charter contract with the District requires the Academy to deposit $50,000 over two fiscal years to a reserve account held by the District to be used for future legal costs related to the special education program. At June 30, 2024, the special education reserve was reported in the financial statements as Cash Held by District and a restricted fund balance in the amount of $55,296.

NOTE 9: 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 School utilizes a commercial insurance carrier. for all risks of loss. Settled claims resulting from these risks have not exceeded commercial or Academy coverages in any of the past three years.

REQUIRED SUPPLEMENTARY INFORMATION

VEGA COLLEGIATE ACADEMY, INC.
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
Year Ended June 30, 2024

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE Positive (Negative)
REVENUES				
Local Sources				
District Mill Levy	$ 1,424,520	$ 1,683,412	$ 1,667,152	$ (16,260)
Contributions and Grants	100,000	166,000	136,805	(29,195)
Student Fees	8,000	17,000	15,952	(1,048)
Earnings on Investment	-	4,000	5,266	1,266
Other	15,000	247,365	274,140	26,775
State Sources				-
Per Pupil Revenue	6,057,871	6,401,514	6,399,824	(1,690)
Capital Construction	194,940	217,913	217,913	-
Grants	394,909	833,591	681,548	(152,043)
Federal Sources	620,020	857,869	796,429	(61,440)
TOTAL REVENUES	8,815,260	10,428,664	10,195,029	(233,635)
EXPENDITURES				
Current				
Instruction				
Salaries	2,785,230	2,892,734	2,567,830	324,904
Employee Benefits	968,980	1,035,704	822,446	213,258
Purchased Services	312,133	588,731	510,232	78,499
Supplies and Materials	202,260	428,381	357,652	70,729
Property	31,500	502,232	66,057	436,175
Other	120,000	-	-	-
Total Instruction	4,420,103	5,447,782	4,324,217	1,123,565
Supporting Services				
Salaries	1,054,860	1,074,860	1,304,296	(229,436)
Employee Benefits	366,985	384,839	396,936	(12,097)
Purchased Services	2,408,919	2,882,840	2,481,161	401,679
Supplies and Materials	169,389	170,888	377,708	(206,820)
Property	-	-	862,303	(862,303)
Other	20,200	84,200	101,298	(17,098)
Total Supporting Services	4,020,353	4,597,627	5,523,702	(926,075)
Debt Service				
Principal	154,455	123,903	164,146	(40,243)
Interest	-	-	114,618	(114,618)
Total Debt Service	154,455	123,903	278,764	(154,861)
TOTAL EXPENDITURES	8,594,911	10,169,312	10,126,683	42,629
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	220,349	259,352	68,346	(191,006)
OTHER FINANCING SOURCES (USES)				
Proceeds from Financed Purchases	-	-	65,339	65,339
Proceeds from Leases	-	-	509,182	509,182
Transfers Out	-	(20,000)	(20,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	-	(20,000)	554,521	574,521
CHANGE IN FUND BALANCE	220,349	239,352	622,867	383,515
FUND BALANCE, Beginning	2,692,557	3,084,289	3,084,289	-
FUND BALANCE, Ending	$ 2,912,906	$ 3,323,641	$ 3,707,156	$ 383,515

VEGA COLLEGIATE ACADEMY, INC.
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AND CONTRIBUTIONS
PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION OF COLORADO SCHOOL DIVISION TRUST FUND
June 30, 2024

	12/31/23	12/31/22	12/31/21
PROPORTIONATE SHARE OF THE NET PENSION LIABILITY			
Academy's Proportion of the Net Pension Liability	0.0551412234%	0.0487502928%	0.0383434725%
Academy's Proportionate Share of the Net Pension Liability	$ 9,750,855	$ 8,877,168	$ 4,472,790
State's Proportionate Share of the Net Pension Liability Pension Liability Associated with the Academy	213,807	3,489,371	500,915
Total Proportionate Share of the Net Pension Liability	$ 9,964,662	$ 12,366,539	$ 4,973,705
Academy's Covered Payroll	$ 3,645,330	$ 3,754,619	$ 2,396,343
Academy's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	267%	236%	187%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	65%	62.00%	75.00%

	6/30/24	6/30/23	6/30/22
Academy's Contributions			
Statutorily Required Contribution	$ 789,892	$ 796,837	$ 637,651
Contributions in Relation to the Statutorily Required Contribution	(789,892)	(796,837)	(637,651)
Contribution Deficiency (Excess)	$ -	$ -	$ -
Academy's Covered Payroll	$ 3,875,809	$ 3,909,982	$ 3,193,828
Contributions as a Percentage of Covered Payroll	20.38%	20.38%	19.97%

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

	12/31/20		12/31/19		12/31/18		12/31/17
	0.0293982740%		0.0192636758%		0.0150966658%		0.0119091571%
$	4,444,426	$	2,877,952	$	2,673,175	$	3,850,998
	-		365,031		365,511		-
$	4,444,426	$	3,242,983	$	3,038,686	$	3,850,998
$	1,568,924	$	1,130,140	$	829,944	$	274,680
	283%		255%		322%		1402%
	67.00%		65.00%		57.00%		44.00%
	06/30/21		06/30/20		06/30/19		06/30/18
$	358,207	$	240,841	$	199,186	$	104,477
	(358,207)		(240,841)		(199,186)		(104,477)
$	-	$	-	$	-	$	-
$	1,801,836	$	1,242,731	$	1,041,208	$	553,309
	19.88%		19.38%		19.13%		18.88%

VEGA COLLEGIATE ACADEMY, INC.
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY AND CONTRIBUTIONS
PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION OF COLORADO HEALTH CARE TRUST FUND
June 30, 2024

	12/31/23	12/31/22	12/31/21
PROPORTIONATE SHARE OF THE NET OPEB LIABILITY			
Academy's Proportion of the Net OPEB Liability	0.0329879850%	0.0369998810%	0.0250353524%
Academy's Proportionate Share of the Net OPEB Liability	$ 235,444	$ 302,096	$ 108,524
Academy's Covered Payroll	$ 3,645,330	$ 3,754,619	$ 2,396,343
Academy's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	6%	8%	5%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	46%	39%	39%

	6/30/24	6/30/23	6/30/22
Academy's Contributions			
Statutorily Required Contribution	$ 39,533	$ 39,882	$ 32,577
Contributions in Relation to the Statutorily Required Contribution	(39,533)	(39,882)	(32,577)
Contribution Deficiency (Excess)	$ -	$ -	$ -
Academy's Covered Payroll	$ 3,875,809	$ 3,909,982	$ 3,193,828
Contributions as a Percentage of Covered Payroll	1.02%	1.02%	1.02%

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

	12/31/20	12/31/19	12/31/18	12/31/17
	0.0169660037%	0.0125853329%	0.0098128956%	0.0067667805%
	$ 119,589	$ 141,459	$ 133,509	$ 87,941
	$ 1,568,924	$ 1,130,140	$ 829,944	$ 274,680
	8%	13%	16%	32%
	33%	24%	17%	18%
	6/30/21	6/30/20	6/30/19	6/30/18
	$ 18,379	$ 12,676	$ 10,620	$ 5,644
	(18,379)	(12,676)	(10,620)	(5,644)
	$ -	$ -	$ -	$ -
	$ 1,801,836	$ 1,242,731	$ 1,041,208	$ 553,309
	1.02%	1.02%	1.02%	1.02%

NOTE 1: Stewardship, Compliance, and Accountability

Budgetary Information

A budget is adopted for the General Fund on a basis consistent with generally accepted accounting principles. The Academy adheres to the following procedures to establish the budgetary information reflected in the financial statements.

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

NOTE 2: Significant Changes in Plan Provisions Affecting Trends in Actuarial Information

STDF Plan - Senate Bill (SB) 23-056, enacted and effective June 2, 2023, intended to recompense PERA for the remaining portion of the $225 million direct distribution originally scheduled for receipt July 1, 2020, suspended due to the enactment of House Bill (HB) 20-1379, but not fully repaid through the provisions within HB 22-1029. Pursuant to SB 23-056, the State Treasurer issued a warrant consisting of the balance of the PERA Payment Cash Fund, created in §24-51-416, plus $10 million from the General Fund, totaling $14.561 million.

As of the December 31, 2023, measurement date, the total pension liability (TPL) recognizes the change in the default method applied for granting service accruals for certain members, from a "12-pay" method to a "non-12-pay" method. The default service accrual method for positions with an employment pattern of at least eight months but fewer than 12 months (including, but not limited to positions in the Academy and DPS Divisions) receive a higher ratio of service credit for each month worked, up to a maximum of 12 months of service credit per year.

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