CHAVEZ / HUERTA K-12 PREPARATORY ACADEMY

A COMPONENT UNIT OF THE PUEBLO SCHOOL DISTRICT NO. 60

PUEBLO, COLORADO

FINANCIAL STATEMENTS
WITH THE INDEPENDENT AUDITOR'S REPORT

JUNE 30, 2024

CHAVEZ / HUERTA K-12 PREPARATORY ACADEMY
A COMPONENT UNIT OF THE PUEBLO SCHOOL DISTRICT NO. 60
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June 30, 2024

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Chavez / Huerta K-12 Preparatory Academy
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 the Chavez / Huerta K-12 Preparatory Academy (the Academy), a component unit of the Pueblo School District No. 60, 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.

Emphasis of Matter

As described in Note 9 to the financial statements, the financial statements as of and for the year ended June 30, 2023, have been restated to correct a misstatement. Our opinion is not modified with respect to this matter.

Board of Directors
Chavez / Huerta K-12 Preparatory Academy

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

November 8, 2024
Bailey, Colorado

BASIC FINANCIAL STATEMENTS

CHAVEZ / HUERTA K-12 PREPARATORY ACADEMY
STATEMENT OF NET POSITION
June 30, 2024

		PRIMARY GOVERNMENT
		GOVERNMENTAL ACTIVITIES
ASSETS		
Cash and Investments	$	2,442,114
Restricted Cash and Investments		3,833,436
Accounts Receivable		17,009
Grants Receivable		4,236,724
Prepaid Expenses		23,699
Capital Assets, Not Being Depreciated		39,356,846
Capital Assets, Being Depreciated, *Net of Accumulated Depreciation*		26,546,953
TOTAL ASSETS		76,456,781
DEFERRED OUTFLOWS OF RESOURCES		
Pensions, *Net of Accumulated Amortization*		3,813,132
OPEB, *Net of Accumulated Amortization*		174,277
TOTAL DEFERRED OUTFLOWS OF RESOURCES		3,987,409
LIABILITIES		
Accounts Payable		3,302,797
Accrued Salaries and Benefits		232,613
Due to District		49,707
Unearned Revenues		84,000
Accrued Interest Payable		988,925
Noncurrent Liabilities		
Due Within One Year		545,000
Due in More Than One Year		44,365,000
Net Pension Liability		16,913,016
Net OPEB Liability		408,381
TOTAL LIABILITIES		66,889,439
DEFERRED INFLOWS OF RESOURCES		
Pensions, *Net of Accumulated Amortization*		400,540
OPEB, *Net of Accumulated Amortization*		180,586
TOTAL DEFERRED INFLOWS OF RESOURCES		581,126
NET POSITION		
Net Investment in Capital Assets		20,993,799
Restricted for:		
Emergencies		400,000
Debt Service		3,032,610
Unrestricted		(11,452,784)
TOTAL NET POSITION	$	12,973,625

See Notes to the Financial Statements.

CHAVEZ / HUERTA K-12 PREPARATORY ACADEMY
STATEMENT OF ACTIVITIES
Year Ended June 30, 2024

		PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGE IN NET POSITION – PRIMARY GOVERNMENT
FUNCTIONS / PROGRAMS	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES
PRIMARY GOVERNMENT					
Governmental Activities					
Instruction	$ 6,589,762	$ -	$ 3,247,402	$ -	$ (3,342,360)
Supporting Services	6,954,024	3,309	96,664	18,863,187	12,009,136
Interest on Long-Term Debt	1,981,350	-	-	-	(1,981,350)
TOTAL GOVERNMENTAL ACTIVITIES	$ 15,525,136	$ 3,309	$ 3,344,066	$ 18,863,187	6,685,426
GENERAL REVENUES					
Per Pupil Revenue					10,611,141
Grants and Contributions Not Restricted for a Specific Purpose					39,239
Investment Income					220,899
TOTAL GENERAL REVENUES					10,871,279
CHANGE IN NET POSITION					17,556,705
NET POSITION, Beginning, as Restated					(4,583,080)
NET POSITION, Ending					$ 12,973,625

CHAVEZ / HUERTA K-12 PREPARATORY ACADEMY
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2024

	GENERAL	BUILDING CORPORATION	TOTAL
ASSETS			
Cash and Investments	$ 2,442,114	$ -	$ 2,442,114
Restricted Cash and Investments	-	3,833,436	3,833,436
Accounts Receivable	17,009	-	17,009
Grants Receivable	811,397	3,425,327	4,236,724
Prepaid Expenditures	23,699	-	23,699
TOTAL ASSETS	$ 3,294,219	$ 7,258,763	$ 10,552,982
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts Payable	$ 65,569	$ 3,237,228	$ 3,302,797
Due to the District	49,707	-	49,707
Accrued Salaries and Benefits	232,613	-	232,613
Unearned Revenues	84,000	-	84,000
TOTAL LIABILITIES	431,889	3,237,228	3,669,117
FUND BALANCES			
Nonspendable Prepaid Expenditures	23,699	-	23,699
Restricted for:			
Emergencies	400,000	-	400,000
Debt Service	-	4,021,535	4,021,535
Unassigned	2,438,631	-	2,438,631
TOTAL FUND BALANCES	2,862,330	4,021,535	6,883,865
TOTAL LIABILITIES AND FUND BALANCES	$ 3,294,219	$ 7,258,763	$ 10,552,982

CHAVEZ / HUERTA K-12 PREPARATORY ACADEMY
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	$	6,883,865
Capital assets and right-to-use assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds.		65,903,799
Long-term liabilities and related items are not due and payable in the current year and, therefore, are not reported in governmental funds:		
Accrued Interest Payable		(988,925)
Bonds Payable		(545,000)
Lease Liability		(44,365,000)
Net Pension Liability		(16,913,016)
Pension-Related Deferred Outflows of Resources		3,813,132
Pension-Related Deferred Inflows of Resources		(400,540)
Net OPEB Liability		(408,381)
OPEB-Related Deferred Outflows of Resources		174,277
OPEB-Related Deferred Inflows of Resources		(180,586)
Total Net Position of Governmental Activities	$	12,973,625

CHAVEZ / HUERTA K-12 PREPARATORY ACADEMY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2024

	GENERAL	BUILDING CORPORATION	TOTAL
REVENUES			
Local Sources	$ 10,864,391	$ 2,582,859	$ 13,447,250
State Sources	551,626	18,502,875	19,054,501
Federal Sources	3,193,287	-	3,193,287
TOTAL REVENUES	14,609,304	21,085,734	35,695,038
EXPENDITURES			
Current			
Instruction	5,604,050	-	5,604,050
Supporting Services	7,763,318	-	7,763,318
Capital Outlay	-	21,514,814	21,514,814
Debt Service			
Principal	-	110,000	110,000
Interest and Fees	-	1,984,609	1,984,609
TOTAL EXPENDITURES	13,367,368	23,609,423	36,976,791
CHANGES IN FUND BALANCES	1,241,936	(2,523,689)	(1,281,753)
FUND BALANCES, Beginning, as Restated	1,620,394	6,545,224	8,165,618
FUND BALANCES, Ending	$ 2,862,330	$ 4,021,535	$ 6,883,865

CHAVEZ / HUERTA K-12 PREPARATORY ACADEMY

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

AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF ACTIVITIES ARE DIFFERENT BECAUSE:		
Net Changes in Fund Balances of Governmental Funds	$	(1,281,753)
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 follows:		
Depreciation expense		(979,353)
Capital outlay		21,597,009
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.		110,000
Revenues that do not provide current financial resources are deferred in the governmental fund financial statements but are recognized in the government-wide financial statements. This amount represents a change in deferred inflows of resources for grants.		(239,847)
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		3,259
Net Pension Liability		(1,387,999)
Pension-Related Deferred Outflows of Resources		(583,745)
Pension-Related Deferred Inflows of Resources		314,997
Net OPEB Liability		120,517
OPEB-Related Deferred Outflows of Resources		(122,073)
OPEB-Related Deferred Inflows of Resources		5,693
Change in Net Position of Governmental Activities	$	17,556,705

See Notes to the Financial Statements.

NOTE 1: Summary of Significant Accounting Policies

The Chavez/Huerta K-12 Preparatory Academy (the Academy) was established pursuant to the Colorado Charter Schools Act to form and operate a charter school within Pueblo School District No. 60. The Academy began operations on July 1, 2012, subsequent to the merger of the Cesar Chavez Academy and Dolores Huerta Preparatory High School. The Academy is a nonprofit organization as defined in Section 501(c)(3) of the Internal Revenue Code.

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 Pueblo School District No. 60.

The Academy includes the CCA Building Corporation (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 Academy, and to otherwise provide facilities, equipment and other physical infrastructure and related support to the School. The Building Corporation is blended into the Academy'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 Corporation 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 120 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 Expenses / 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.

Pensions - The Academy participates in the School Division Trust Fund (SDTF), 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 SDTF. 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 SDTF. For this purpose, the SDTF 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:

Cash on Hand	$ 100
Deposits	1,740,655
Investments	4,534,795
Total	$ 6,275,550

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

Cash and Investments	$ 2,442,114
Restricted Cash and Investments	3,833,436
Total	$ 6,275,550

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 $1,930,927 collateralized with securities held by the financial institution's agent but not in the Academy's name.

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).

NOTE 2: Cash and Investments (Continued)

Investments (Continued)

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 $4,534,795 invested in the ColoTrust (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 $3,833,436 have been restricted by the Building Corporation for future debt service.

NOTE 3: Capital Assets

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

	Balances 6/30/2023*	Additions	Deletions	Balances 6/30/2024
Governmental Activities				
Capital Assets, Not Being Depreciated:				
Land	$ 1,290,972	$ -	$ -	$ 1,290,972
Construction in Progress	16,551,060	21,514,814	-	38,065,874
Total Capital Assets, Not Being Depreciated	17,842,032	21,514,814	-	39,356,846
Capital Assets, Being Depreciated:				
Site Improvements	348,897	-	-	348,897
Buildings	30,535,641	-	-	30,535,641
Building Improvements	1,127,593	-	-	1,127,593
Equipment	2,378,299	82,195	-	2,460,494
Total Capital Assets, Being Depreciated	34,390,430	82,195	-	34,472,625
Less Accumulated Depreciation:				
Site Improvements	(124,826)	(15,466)	-	(140,292)
Buildings	(5,557,646)	(715,703)	-	(6,273,349)
Building Improvements	(343,268)	(47,430)	-	(390,698)
Equipment	(920,579)	(200,754)	-	(1,121,333)
Total Accumulated Depreciation	(6,946,319)	(979,353)	-	(7,925,672)
Total Capital Assets, Being Depreciated, Net	27,444,111	(897,158)	-	26,546,953
Governmental Activities Capital Assets, Net	$ 45,286,143	$ 20,617,656	$ -	$ 65,903,799

*Beginning balances were restated for corrections. Depreciation and amortization expense of the governmental activities was charged to the supporting services program of the Academy.

NOTE 4: 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					
2020 Loan, Series A&B	$36,630,000	$ -	$ 110,000	$36,520,000	$ 545,000
2022 Loan, Series A&B	8,390,000	-	-	8,390,000	-
Total	$45,020,000	$ -	$ 110,000	$44,910,000	$ 545,000

*At June 30, 2023, the long-term debt was restated to correct the 2020 Loan, Series A&B, balance at June 30, 2023, and remove the discount, which was the underwriter's discount that was incorrectly recorded as a bond discount in prior years.

In May 2020, the Colorado Educational and Cultural Facilities Authority (CECFA) issued $17,695,000 in Charter School Revenue Bonds, Series 2020A&B. Proceeds of the bonds were loaned to the Building Corporation to refund the outstanding CECFA Charter School Revenue Bonds, Series 2007A, and finance additional capital improvements. The refunded CECFA Charter School Revenue Bonds, Series 2007A, were used to finance the charter school facilities. The Academy is obligated under a lease agreement to make monthly payments to the Building Corporation for the use of the facilities. The Building 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 6% per annum. Interest payments are due semi-annually on January 1st and July 1st. Principal payments are due annually on July 1st, beginning in 2024 through 2027, with a balloon payment of $34,810,000 due on July 1, 2027.

In April 2022, the Colorado Educational and Cultural Facilities Authority (CECFA) issued $8,390,000 in Charter School Revenue Bonds, Series 2022A&B. Proceeds of the bonds were loaned to the Building Corporation to finance capital improvements to the existing educational facilities and the adjacent land and financing the acquisition, improvements, and other capital expenditures at a new educational administrative facility located at 2400 West 22nd Street, Pueblo, Colorado 81003. The Academy is obligated under a lease agreement to make monthly payments to the Building Corporation for the use of the facilities. The Building 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 6% per annum. Interest payments are due semi-annually on January 1st and July 1st. Principal payments are due annually on July 1^{stt}, beginning in 2024 through 2027, with a balloon payment of $8,080,000 due on July 1, 2027. Bond payments to maturity are as follows:

Year Ended June 30,	Principal	Interest	Total
2025	$ 545,000	$ 1,965,928	$ 2,510,928
2026	725,000	1,936,888	2,661,888
2027	750,000	1,903,153	2,653,153
2028	42,890,000	943,269	43,833,269
Total	$ 44,910,000	$ 6,749,238	$ 51,659,238

NOTE 5: 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.

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.

NOTE 6: Defined Benefit Pension Plan (Continued)

General Information (Continued)

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.

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.

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

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. At December 31, 2023, the Academy's proportion was 0.0956433459%, which was an increase of 0.0103853820% 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	$ 16,913,016
State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the Academy	370,852
Total	$ 17,283,868

For the year ended June 30, 2024, the Academy recognized pension expense of $2,832,776 and a revenue of ($34,714) 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	$ 801,999	$ -
Net difference between projected and actual earnings on plan investments	1,212,402	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	1,253,581	400,540
Contributions subsequent to the measurement date	545,150	-
Total	$ 3,813,132	$ 400,540

Academy contributions subsequent to the measurement date of $545,150 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	$ 692,050
2026	1,223,939
2027	1,289,504
2028	(338,051)
Total	$ 2,867,442

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.
- 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.

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)

- 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	$ 22,615,517	$ 16,913,016	$ 12,157,822

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.

NOTE 7: Postemployment Healthcare Benefits (Continued)

General Information (Continued)

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.

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 $58,743, 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 $408,381, 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.

NOTE 7: Postemployment Healthcare Benefits (Continued)

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

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 0.0572182159%, which was a decrease of 0.0075592529% from its proportion measured at December 31, 2022.

For the year ended June 30, 2024, the Academy recognized OPEB expense of $80,039. 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	$ -	$ 83,704
Changes of assumptions and other inputs	4,803	43,302
Net difference between projected and actual earnings on plan investments	12,633	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	129,557	53,580
Contributions subsequent to the measurement date	27,284	-
Total	$ 174,277	$ 180,586

Academy contributions subsequent to the measurement date of $27,284 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	$ (21,345)
2026	2,166
2027	10,841
2028	(17,913)
2029	(6,130)
2030	(1,212)
Total	$ (33,593)

NOTE 7: Postemployment Healthcare Benefits (Continued)

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

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.

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%

NOTE 7: Postemployment Healthcare Benefits (Continued)

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

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.

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:

NOTE 7: Postemployment Healthcare Benefits (Continued)

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

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.

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.

NOTE 7: Postemployment Healthcare Benefits (Continued)

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

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.

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

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

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

NOTE 7: Postemployment Healthcare Benefits (Continued)

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

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

NOTE 7: Postemployment Healthcare Benefits (Continued)

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

	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	$ 396,660	$ 408,381	$ 421,131

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	$ 482,350	$ 408,381	$ 345,101

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 $400,000.

NOTE 9: Corrections of Errors / Restatements

The Academy made multiple error corrections to the fund balance(s) of the General Fund and Building Corporation Fund as well as the net position of government-wide financial statements as of June 30, 2023. At June 30, 2023, the restatements and corrections were due to the following reasons:

- Timing of revenue recognition
- Expenditures incorrectly recorded in the wrong fiscal year end
- Overstatement of capital assets
- Understatement of long-term debt related the 2020 CECFA Loan
- Correction of debt discount
- Correction of interest expense and accrued interest payable

The impact of the restatements as of June 30, 2023, on the financial statements is identified as follows:

	General Fund	Building Corporation	Total Governmental Funds	Governmental Activities
Net Position/Fund Balance, Beginning, as Originally Stated	$ 1,698,184	$ 8,833,706	$ 10,531,890	$ 18,461,706
Expenditures - Supporting Services (District Fee)	71,740	-	71,740	71,740
Revenues - Local (Per Pupil Revenue)	(149,530)	-	(149,530)	(149,530)
Revenues - State (Loan Draw)	-	(2,288,482)	(2,288,482)	(2,288,482)
Capital Assets, *Not Being Depreciated*	-	-	-	(20,656,159)
Capital Assets, *Net of Accumulated Depreciation*	-	-	-	1,194,941
Loan Liability, Series 2020 A&B	-	-	-	(110,000)
Loan Discount, Series 2020 A&B	-	-	-	(279,933)
Interest Expense	-	-	-	(827,363)
Net Position/Fund Balance, Beginning, as Restated	$ 1,620,394	$ 6,545,224	$ 8,165,618	$ (4,583,080)

REQUIRED SUPPLEMENTARY INFORMATION

CHAVEZ / HUERTA K-12 PREPARATORY ACADEMY
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
Year Ended June 30, 2024

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE Positive (Negative)
REVENUES				
Local Sources	$ 9,930,663	$ 10,737,236	$ 10,864,391	$ 127,155
State Grants	1,145,890	1,214,570	551,626	(662,944)
Federal Grants	3,205,931	3,317,277	3,193,287	(123,990)
TOTAL REVENUES	14,282,484	15,269,083	14,609,304	(659,779)
EXPENDITURES				
Current				
Salaries	6,168,990	6,294,653	5,856,812	437,841
Employee Benefits	2,181,144	2,289,029	1,767,599	521,430
Purchased Services	4,731,034	4,990,618	4,591,746	398,872
Supplies	1,027,932	1,167,974	871,779	296,195
Property	152,847	291,098	212,731	78,367
Other	-	98,410	66,701	31,709
TOTAL EXPENDITURES	14,261,947	15,131,782	13,367,368	1,764,414
CHANGE IN FUND BALANCE	20,537	137,301	1,241,936	1,104,635
FUND BALANCE, Beginning, as Restated	1,740,531	1,740,531	1,620,394	(120,137)
FUND BALANCE, Ending	$ 1,761,068	$ 1,877,832	$ 2,862,330	$ 984,498

CHAVEZ / HUERTA K-12 PREPARATORY ACADEMY
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

MEASUREMENT DATE	12/31/23	12/31/22	12/31/21	12/31/20
PROPORTIONATE SHARE OF THE NET PENSION LIABILITY				
Academy's Proportion of the Net Pension Liability	0.0956433459%	0.0852579639%	0.0920292213%	0.0840363001%
Academy's Proportionate Share of the Net Pension Liability	$ 16,913,016	$ 15,525,017	$ 10,709,792	$ 12,704,594
State's Proportionate Share of the Net Pension Liability Pension Liability Associated with the Academy	370,852	4,524,147	1,101,471	-
Total Proportionate Share of the Net Pension Liability	$ 17,283,868	$ 20,049,164	$ 11,811,263	$ 12,704,594
Academy's Covered Payroll	$ 6,322,886	$ 6,573,391	$ 5,751,600	$ 4,491,569
Academy's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	267%	236%	186%	283%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	62%	62%	75%	67%

FISCAL YEAR ENDED	6/30/24	6/30/23	6/30/22	6/30/21
ACADEMY CONTRIBUTIONS				
Statutorily Required Contribution	$ 1,173,709	$ 1,353,515	$ 1,240,973	$ 994,458
Contributions in Relation to the Statutorily Required Contribution	(1,173,709)	(1,353,515)	(1,240,973)	(994,458)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -
Academy's Covered Payroll	$ 5,759,120	$ 6,641,367	$ 6,242,306	$ 5,002,314
Contributions as a Percentage of Covered Payroll	20.38%	20.38%	19.88%	19.88%

12/31/19	12/31/18	12/31/17	12/31/16	12/31/15	12/31/14
0.0678438969%	0.0682145930%	0.0796704910%	0.0788908866%	0.0782479466%	0.0870071850%
$ 10,135,731	$ 12,078,795	$ 25,762,605	$ 23,488,868	$ 11,967,471	$ 11,792,396
2,129,952		-	-	-	-
$ 12,265,683	$ 12,078,795	$ 25,762,605	$ 23,488,868	$ 11,967,471	$ 11,792,396
$ 4,260,336	$ 3,749,664	$ 3,675,255	$ 3,540,764	$ 3,644,977	$ 3,644,977
238%	322%	701%	663%	328%	324%
65%	57%	44%	43%	59%	63%

06/30/20	06/30/19	06/30/18	06/30/17	06/30/16	06/30/15
$ 767,684	$ 785,142	$ 753,241	$ 652,622	$ 617,622	$ 587,688
(767,684)	(785,142)	(753,241)	(652,622)	(617,622)	(587,688)
$ -	$ -	$ -	$ -	$ -	$ -
$ 4,389,033	$ 3,871,152	$ 3,735,171	$ 3,551,099	$ 3,475,430	$ 3,482,715
17.49%	20.28%	20.17%	18.38%	17.77%	16.87%

CHAVEZ / HUERTA K-12 PREPARATORY ACADEMY
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

MEASUREMENT DATE	12/31/23	12/31/22	12/31/21
PROPORTIONATE SHARE OF THE NET OPEB LIABILITY			
Academy's Proportion of the Net OPEB Liability	0.0572182159%	0.0647774688%	0.0600887789%
Academy's Proportionate Share of the Net OPEB Liability	$ 408,381	$ 528,898	$ 483,750
Academy's Covered Payroll	$ 6,322,886	$ 6,573,391	$ 5,751,600
Academy's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	6%	8%	8%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	39%	39%	39%
FISCAL YEAR ENDED	6/30/24	6/30/23	6/30/22
ACADEMY CONTRIBUTIONS			
Statutorily Required Contribution	$ 58,743	$ 67,740	$ 63,670
Contributions in Relation to the Statutorily Required Contribution	(58,743)	(67,740)	(63,670)
Contribution Deficiency (Excess)	$ -	$ -	$ -
Academy's Covered Payroll	$ 5,759,120	$ 6,641,367	$ 6,242,306
Contributions as a Percentage of Covered Payroll	1.02%	1.02%	1.02%

This schedule is presented to show information for 10 years.
Information is presented for above periods until the information for the full 10-year period is available.

12/31/20	12/31/19	12/31/18	12/31/17	12/31/16
0.0485708329%	0.0443215728%	0.0443344331%	0.0452703084%	0.0790000000%
$ 498,174	$ 498,174	$ 603,189	$ 588,333	$ 363,337
$ 4,491,569	$ 4,260,336	$ 3,749,664	$ 3,675,255	$ 3,540,764
11%	12%	16%	16%	10%
33%	24%	17%	18%	17%

6/30/21	6/30/20	6/30/19	6/30/18	6/30/17
$ 51,024	$ 40,649	$ 39,486	$ 38,099	$ 22,134
(51,024)	(40,649)	(39,486)	(38,099)	(22,134)
$ -	$ -	$ -	$ -	$ -
$ 5,002,314	$ 4,389,033	$ 3,871,152	$ 3,735,171	$ 3,551,099
1.02%	0.93%	1.02%	1.02%	0.62%

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.