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VEGA COLLEGIATE ACADEMY, INC.

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

AURORA, COLORADO

FINANCIAL STATEMENTS
WITH THE INDEPENDENT AUDITOR'S REPORT

FOR THE FISCAL YEAR ENDED
JUNE 30, 2025

VEGA COLLEGIATE ACADEMY, INC.
A COMPONENT UNIT OF JOINT SCHOOL ACADEMY NO. 28-J OF THE
COUNTIES OF ADAMS AND ARAPAHOE, COLORADO
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June 30, 2025

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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, 2025, 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, 2025, 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.

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

September 25, 2025
Bailey, Colorado

Vega Collegiate Academy, Inc.
Management's Discussion and Analysis
Fiscal Year Ending June 30, 2025

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, 2025. 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, 2025 is the eighth year of operations for Vega. As of June 30, 2025, net position decreased by $935,040 to $(5,841,091). Vega Collegiate Academy, Inc.'s governmental funds reported an ending fund balance of $5,205,656, an increase of $330,668 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 $7,384,450.

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. A budgetary comparison schedule for the General Fund is included to demonstrate that spending did not exceed the budget.

Notes to the Financial Statements

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

Government-Wide Financial Analysis

As noted previously, net position may serve over time as a useful indicator of the School's financial position. For the fiscal year ended June 30, 2025, Vega's net position was $(5,841,091). This position includes a net pension liability in the amount of $9,452,476, 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 $167,713, 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, $(1,972,320) is invested in capital assets, $316,900 is restricted to comply with Article X, Section 20 of the Colorado Constitution, known as the TABOR Amendment, $58,114 is restricted for special education spending, and $1,103,119 is restricted for debt service in future fiscal years.

Vega Collegiate Academy, Inc.'s Net Position

	2024-2025	2023-2024
ASSETS		
Cash and Investments	$ 3,107,974	$ 2,358,501
Restricted Cash and Investments	2,240,425	2,323,047
Accounts and Grants Receivable	98,583	167,020
Prepaid Expenses	32,439	69,845
Cash Held by District	58,114	55,296
Deposits	-	5,967
Capital Assets, Net of Accumulated Depreciation	11,933,444	12,087,470
Right-to-Use Assets, Net of Accumulated Ammortization	-	391,670
TOTAL ASSETS	17,470,979	17,458,816
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Pension Outflows	1,639,315	3,033,856
Deferred OPEB Outflows	174,160	202,249
TOTAL DEFERRED OUTFLOWS OF RESOURCES	1,813,475	3,236,105
LIABILITIES		
Accounts Payable	218,372	39,842
Accrued Liabilities	14,351	25,690
Accrued Interest	257,774	262,907
Unearned Revenue	99,156	39,156
Noncurrent Liabilities		
Due Within One Year	353,927	339,517
Due in More Than One Year	14,431,369	14,805,962
Net Pension Liabilities	9,452,476	9,750,855
Net OPEB liabilities	167,713	235,444
TOTAL LIABILITIES	24,995,138	25,499,373
DEFERRED INFLOWS OF RESOURCES		
Deferred Pension Inflows	39,804	-
Deferred OPEB Inflows	90,603	101,599
TOTAL DEFERRED OUTFLOWS OF RESOURCES	130,407	101,599
NET POSITION		
Net Investment in Capital Assets	(1,972,320)	(1,761,414)
Restricted for Emergencies	316,900	281,200
Restricted for Special Education	58,114	55,296
Restricted for Debt Service	1,103,119	1,155,215
Unrestricted	(5,346,904)	(4,636,348)
TOTAL NET POSITION	$ (5,841,091)	$ (4,906,051)

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

	2024-2025	2023-2024
REVENUES		
Per Pupil Revenue	$ 7,384,450	$ 6,399,824
District Mill Levy	2,301,425	1,667,152
Charges for Services	4,424	15,952
Operating Grants and Contributions	1,374,531	1,860,367
Capital Grants and Contributions	215,223	217,913
Investment Income	96,869	60,561
Other	19,003	28,555
TOTAL REVENUE	11,395,925	10,250,324
EXPENSES		
Instruction	5,329,205	5,548,438
Support Services	6,365,568	5,384,573
Debt Service - Interest	636,192	704,435
TOTAL EXPENSES	12,330,965	11,637,446
CHANGE IN NET POSITION	(935,040)	(1,387,122)
NET POSITION, Beginning	(4,906,051)	(3,518,929)
NET POSITION, Ending	$ (5,841,091)	$ (4,906,051)

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 $4,068,350, an increase of $361,194 from the prior year. The School also 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 $1,137,306, a decrease of $30,526 from the prior year.

General Fund Budgetary Highlights

Vega recognized $163,491 more revenue than expected and spent $98,710 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, furniture and equipment, as well as leased vehicles and equipment, 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 FY 2023-2024, the School obtained financing for equipment and a walk-in cooler. 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 2024-2025 school year was 576.00 funded students. Enrollment projected for 2025-2026 is 570.00 funded students. This factor was considered when preparing Vega's budget for 2025-2026.

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, 2025

	PRIMARY GOVERNMENT GOVERNMENTAL ACTIVITIES
ASSETS	
Cash and Investments	$ 3,107,974
Restricted Cash and Investments	2,240,425
Cash Held by District	58,114
Accounts Receivables	71,121
Grants Receivable	27,462
Prepaid Expenses	32,439
Capital Assets*, Net of Accumulated Depreciation / Amortization*	11,933,444
TOTAL ASSETS	17,470,979
DEFERRED OUTFLOWS OF RESOURCES	
Pensions*, Net of Accumulated Amortization*	1,639,315
OPEB*, Net of Accumulated Amortization*	174,160
TOTAL DEFERRED OUTFLOWS OF RESOURCES	1,813,475
LIABILITIES	
Accounts Payable	218,372
Accrued Liabilities	14,351
Accrued Interest Payable	257,774
Unearned Revenue	99,156
Noncurrent Liabilities	
Due in One Year	353,927
Due in More Than One Year	14,431,369
Net Pension Liability	9,452,476
Net OPEB Liability	167,713
TOTAL LIABILITIES	24,995,138
DEFERRED INFLOWS OF RESOURCES	
Pensions*, Net of Accumulated Amortization*	39,804
OPEB*, Net of Accumulated Amortization*	90,603
TOTAL DEFERRED INFLOWS OF RESOURCES	130,407
NET POSITION	
Net Investment in Capital Assets	(1,972,320)
Restricted for Emergencies	316,900
Restricted for Special Education	58,114
Restricted for Debt Service	1,103,119
Unrestricted	(5,346,904)
TOTAL NET POSITION	$ (5,841,091)

See Notes to the Financial Statements.

VEGA COLLEGIATE ACADEMY, INC.
STATEMENT OF ACTIVITIES
Year Ended June 30, 2025

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	$ 5,329,205	$ 4,424	$ 736,546	$ -	$ (4,588,235)
Supporting Services	6,365,568	-	637,985	215,223	(5,512,360)
Debt Service - Interest	636,192	-	-	-	(636,192)
TOTAL GOVERNMENTAL ACTIVITIES	$ 12,330,965	$ 4,424	$ 1,374,531	$ 215,223	(10,736,787)
GENERAL REVENUES					
Per Pupil Revenue					7,384,450
Mill Levy Override					2,301,425
Investment Income					96,869
Rental Income					8,400
Other					10,603
TOTAL GENERAL REVENUES					9,801,747
CHANGE IN NET POSITION					(935,040)
NET POSITION, Beginning					(4,906,051)
NET POSITION, Ending					$ (5,841,091)

See Notes to the Financial Statements.

VEGA COLLEGIATE ACADEMY, INC.
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2025

	GENERAL	BUILDING CORPORATION	TOTAL
ASSETS			
Cash and Investments	$ 3,107,974	$ -	$ 3,107,974
Restricted Cash and Investments	1,103,119	1,137,306	2,240,425
Cash Held by District	58,114	-	58,114
Accounts Receivable	71,121	-	71,121
Grants Receivable	27,462	-	27,462
Prepaid Expenditures	32,439	-	32,439
TOTAL ASSETS	$ 4,400,229	$ 1,137,306	$ 5,537,535
LIABILITIES AND FUND BALANCE			
LIABILITIES			
Accounts Payable	$ 218,372	$ -	$ 218,372
Accrued Liabilities	14,351		14,351
Unearned Revenue	99,156	-	99,156
TOTAL LIABILITIES	331,879	-	331,879
FUND BALANCES			
Nonspendable			
Prepaid Expenditures	32,439	-	32,439
Restricted for:			
Emergencies	316,900	-	316,900
Special Education	58,114	-	58,114
Debt Service	1,103,119	1,137,306	2,240,425
Unassigned	2,557,778	-	2,557,778
TOTAL FUND BALANCES	4,068,350	1,137,306	5,205,656
TOTAL LIABILITIES AND FUND BALANCES	$ 4,400,229	$ 1,137,306	$ 5,537,535

See Notes to the Financial Statements.

VEGA COLLEGIATE ACADEMY, INC.
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
June 30, 2025

AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET POSITION ARE DIFFERENT BECAUSE:		
Total Fund Balances of Governmental Funds	$	5,205,656
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds.		11,933,444
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		(1,107,219)
Financed Purchase		(111,728)
Revenue Bonds Payable		(12,290,000)
Bond Premium		(971,233)
Leases Payable		(305,116)
Accrued Interest Payable		(257,774)
Net Pension Liability		(9,452,476)
Pension-Related Deferred Outflows of Resources		1,639,315
Pension-Related Deferred Inflows of Resources		(39,804)
Net OPEB Liability		(167,713)
OPEB-Related Deferred Outflows of Resources		174,160
OPEB-Related Deferred Inflows of Resources		(90,603)
Total Net Position of Governmental Activities	$	(5,841,091)

VEGA COLLEGIATE ACADEMY, INC.
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2025

	GENERAL	BUILDING CORPORATION	TOTAL
REVENUES			
Local Sources	$ 2,506,303	$ 795,968	$ 3,302,271
State Sources	8,054,626	-	8,054,626
Federal Sources	784,568	-	784,568
TOTAL REVENUES	11,345,497	795,968	12,141,465
EXPENDITURES			
Instruction	4,728,692	-	4,728,692
Supporting Services	6,080,597	-	6,080,597
Debt Service			
Principal	214,517	125,000	339,517
Interest and Fees	58,496	623,452	681,948
TOTAL EXPENDITURES	11,082,302	748,452	11,830,754
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	263,195	47,516	310,711
OTHER FINANCING SOURCES (USES)			
Proceeds from Financed Purchases	19,957	-	19,957
Transfers In	78,042	-	78,042
Transfers Out	-	(78,042)	(78,042)
TOTAL OTHER FINANCING SOURCES (USES)	97,999	(78,042)	19,957
CHANGE IN FUND BALANCES	361,194	(30,526)	330,668
FUND BALANCES, Beginning	3,707,156	1,167,832	4,874,988
FUND BALANCES, Ending	$ 4,068,350	$ 1,137,306	$ 5,205,656

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, 2025

AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF ACTIVITIES ARE DIFFERENT BECAUSE:		
Net Change in Fund Balances of the Governmental Funds	$	330,668
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		(571,486)
Capital Outlay		25,790
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.		380,140
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:		
Financed Purchase Proceeds		(19,957)
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		5,133
Net Pension Liability		298,379
Pension-Related Deferred Outflows of Resources		(1,394,541)
Pension-Related Deferred Inflows of Resources		(39,804)
Net OPEB Liability		67,731
OPEB-Related Deferred Outflows of Resources		(28,089)
OPEB-Related Deferred Inflows of Resources		10,996
Change in Net Position of Governmental Activities	$	(935,040)

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 aka Aurora Public School District (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 Academy.

The Academy 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 Academy, and to otherwise provide facilities, equipment and other physical infrastructure and related support to the Academy. 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 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, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, 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, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, 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 and carry over sick leave and personal leave. However, employees are not paid for unused sick or personal leave upon termination of employment and are only allowed to use up to 48 hours of sick leave annually. Sick leave and paid leave balances are not considered significant to the Academy's financial statements. Therefore, no liability for compensated absences 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 (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.

NOTE 1: Summary of Significant Accounting Policies (Continued)

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

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, 2025, the Academy had the following cash and investments:

Petty Cash	$	100
Deposits		2,667,370
Cash Held by District		58,114
Investments		2,680,929
Total	$	5,406,513

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

Cash and Investments	$	3,107,974
Restricted Cash and Investments		2,240,425
Cash Held by District		58,114
Total	$	5,406,513

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, 2025, the Academy had bank deposits of $2,485,856 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, 2025, the Academy had $1,137,306 and $1,543,623 invested in the Colorado Surplus Asset Fund Trust (CSAFE) and ColoTrust (the Pools), 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 Pools. The Pools operate in conformity with the Securities and Exchange Commission's Rule 2a-7. The Pools are reported at the net asset value per share, with each share valued at $1. The Pools is rated AAAm by Standard and Poor's. Investments of the Pools are limited to those allowed by State statutes. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. The custodian's internal records identify the investments owned by the participating governments.

Restricted Cash and Investments

Investments of $1,137,306 and $1,103,119 have been restricted for future debt service and as collateral for loan agreements, respectively.

Cash Held by District for Special Education

At June 30, 2025, 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, 2025, the Academy transferred $78,042 in excess debt service reserves from the Building Corporation to the General Fund.

NOTE 4: Capital Assets

Capital asset activity for the year ended June 30, 2025, is summarized below.

	Balance 6/30/2024	Additions	Deletions	Balance 6/30/2025
Governmental Activities				
Capital Assets, Being Depreciated:				
Building	$ 12,698,906	$ -	$ -	$ 12,698,906
Building Improvements	181,395	-	-	181,395
Right-to-Use Assets - Vehicles and Equipme	509,182	-	-	509,182
Furniture and Equipment	133,923	25,790	-	159,713
Total Capital Assets, Being Depreciated	13,523,406	25,790	-	13,549,196
Less Accumulated Depreciation:				
Building	(776,044)	(423,297)	-	(1,199,341)
Building Improvements	(104,964)	(10,488)	-	(115,452)
Right-to-Use Assets - Vehicles and Equipme	(117,512)	(117,512)	-	(235,024)
Furniture and Equipment	(45,746)	(20,189)	-	(65,935)
Total Accumulated Depreciation	(1,044,266)	(571,486)	-	(1,615,752)
Capital Assets, Governmental Activities, Net	$ 12,479,140	$ (545,696)	$ -	$ 11,933,444

Depreciation expense and amortization expense of the governmental activities were 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, 2025.

	Balance 6/30/2024	Additions	Reductions	Balance 6/30/2025	Due Within One Year
Governmental Activities					
2022 Loan	$ 1,159,664	$ -	$ 52,445	$ 1,107,219	$ 54,040
2021 Financed Purchase - Equipment	68,751	-	30,662	38,089	32,489
2024 Financed Purchase - Walk-In Cooler	65,339	19,957	11,657	73,639	11,657
2021 Series A Revenue Bonds	12,290,000	-	-	12,290,000	115,000
2021 Series A Revenue Bonds Premium	996,856	-	40,623	956,233	-
2021 Series B Revenue Bonds	140,000	-	125,000	15,000	15,000
Leases Payable	424,869	-	119,753	305,116	125,741
Total Long-Term Liabilities	$ 15,145,479	$ 19,957	$ 380,140	$ 14,785,296	$ 353,927

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
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	155,000	587,500	742,500
2031-2035	905,000	2,812,750	3,717,750
2036-2040	1,155,000	2,562,500	3,717,500
2041-2045	1,475,000	2,243,750	3,718,750
2046-2050	1,885,000	1,835,750	3,720,750
2051-2055	2,405,000	1,315,250	3,720,250
2056-2060	3,060,000	651,500	3,711,500
2061	710,000	35,500	745,500
Total	$ 12,305,000	$ 14,465,425	$ 26,770,425

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 $7,210 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 $1,103,119. Loan payments to maturity are as follows:

Year Ended June 30,	Principal	Interest	Total
2026	$ 54,040	$ 32,478	$ 86,518
2027	1,053,179	5,254	1,058,433
Total	$ 1,107,219	$ 37,732	$ 1,144,951

On July 1, 2021, the Academy entered into a financed purchase agreement with KS StateBank in the amount of $147,292 for 60 months to finance the purchase of office equipment, storage equipment, and furniture. The Academy is obligated to make monthly payments of $2,820 beginning September 15, 2021, through August 15, 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
2026	$ 32,489	$ 1,354	$ 33,843
2027	5,600	41	5,641
Total	$ 38,089	$ 1,395	$ 39,484

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 was increased during the fiscal year ended June 30, 2025, after the equipment was installed to the total amount of $85,296. The Academy is obligated to make annual payments ranging from $7,748 to $11,657 beginning July 2024, through June 2034. No interest accrues on the financed purchase of the equipment.

NOTE 5: Long-Term Debt (Continued)

Financed purchase payments to maturity are as follows:

Year Ended June 30,	Principal	Interest	Total
2026	$ 11,657	$ -	$ 11,657
2027	7,748	-	7,748
2028	7,748	-	7,748
2029	7,748	-	7,748
2030	7,748	-	7,748
2031-2034	30,990	-	30,990
Total	$ 73,639	$ -	$ 73,639

On July 18, 2023, the Academy entered into a lease agreement for 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, 2025, the Academy paid $94,160, including principal and interest of $80,578 and $13,582, respectively. At June 30, 2025, the right-to-use assets were valued at $348,374 with an accumulated amortization of $166,156. Annual amortization expense for the right-to-use asset was $83,078.

On February 2, 2024, the Academy entered into a lease for 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 the fiscal year ended June 30, 2025, the Academy paid $46,837, including principal and interest of $39,175 and $7,662, respectively. At June 30, 2025, the right-to-use assets were valued at $160,808 with an accumulated amortization of $68,868. 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
2026	$ 125,741	$ 15,256	$ 140,997
2027	95,116	8,969	104,085
2028	84,259	4,213	88,472
Total	$ 305,116	$ 28,438	$ 333,554

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/forms-resources/financial-reports-and-studies.

Benefits Provided as of December 31, 2024 - 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 all case can the benefit amount exceed the highest average salary, or the amount allowed by applicable federal regulations.

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

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

Survivor benefits are determined by several factors, which include the amount of earned service credit, highest average salary of the deceased, the benefit structure 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, 2025 - 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, 2024, through June 30, 2025. 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, 2025, were $907,084, equal to the required contributions rate of 20.38%.

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.

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, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2023. Standard update procedures were used to roll forward the total pension liability to December 31, 2024. 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, 2024, relative to the total contributions of participating employers and the State as a nonemployer contributing entity.

At December 31, 2024, the Academy's proportion was 0.0547814041%, which was a decrease of 0.0003598193% from its proportion measured at December 31, 2023.

At June 30, 2025, the Academy reported a liability for its proportionate share of the net pension liability that reflected an increase 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	$ 9,452,476
State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the Academy	848,982
Total	$ 10,301,458

For the year ended June 30, 2025, the Academy recognized pension expense of $2,050,896 and a revenue of ($89,532) for support from the State as a nonemployer contributing entity. At June 30, 2025, 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	$ 535,280	$ -
Changes of assumptions and other inputs	70,866	-
Net difference between projected and actual earnings on plan investments	178,343	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	389,730	39,804
Contributions subsequent to the measurement date	465,096	-
Total	$ 1,639,315	$ 39,804

Academy contributions subsequent to the measurement date of $465,096 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,	
2026	$ 780,439
2027	744,913
2028	(263,744)
2029	(127,193)
Total	$ 1,134,415

Actuarial Assumptions - The actuarial valuation as of December 31, 2023, 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	3.40% - 11.00%
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.

Mortality assumptions were developed on a benefit-weighted basis and apply generational mortality, as follows. All categories of the mortality tables are generationally projected using scale MP-2019.

- Pre-retirement mortality assumptions were based upon the PubT-2010 Employee Table.
- Post-retirement (retiree) 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, and 2) females: 83% of the rates prior to age 80 and 106% of the rates for ages 80 and older.
- Post-retirement (beneficiary) 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, and 2) females: 105% of the rates for all ages.
- Disabled mortality assumptions were based upon the PubNS-2010 Disabled Retiree Table using 99% of the rates for all ages.

The actuarial assumptions used in the December 31, 2023, valuation were based on the results of the 2020 experience analysis, dated October 28, 2020, for the period January 1, 2016, through December 31, 2019. Revised economic and demographic assumptions were adopted by the PERA Board of Directors 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.

Based on the 2024 experience analysis, dated January 3, 2025, for the period January 1, 2020, to December 31, 2023, revised actuarial assumptions were adopted by PERA's Board of Directors on January 17, 2025, and were effective as of December 31, 2024. The following assumptions were reflected in the roll-forward calculation of the total pension liability from December 31, 2023, to December 31, 2024.

Salary scale assumptions were altered to better reflect actual experience. Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience. The estimated administrative expense as a percentage of covered payroll was increased from 0.40% to 0.45%.

The adjustments for credibility applied to the Pub-2010 mortality tables for active and retired lives, including beneficiaries, were updated based on the experience. All mortality assumptions are developed on a benefit-weighted basis. All of the following categories for the mortality tables are generationally projected using the 2024 adjusted MP-2021 projected scale.

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)

- Pre-retirement mortality assumptions were based upon the PubT-2010 Employee Table.
- Post-retirement (retiree) non-disabled mortality assumptions were based upon the PubT-2010 Healthy Retiree Table, adjusted as follows: 1) males: 106% of the rates for all ages, and 2) females: 86% of the rates prior to age 85 and 115% of the rates for ages 85 and older.
- Post-retirement (beneficiary) non-disabled beneficiary mortality assumptions were based upon the Pub-2010 Contingent Survivor Table, adjusted as follows: 1) males: 92% of the rates for all ages, and 2) females: 100% of the rates for all ages.
- Disabled mortality assumptions were based upon the PubNS-2010 Disabled Retiree Table using 95% of the rates for all ages.

The long-term expected return on plan assets is monitored on an ongoing basis and reviewed as part of periodic experience studies prepared every four years, and asset/liability studies, performed every three to five years for PERA. The most recent analyses were outlined in the 2024 Experience Study report dated January 3, 2025.

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, PERA's Board of Directors reaffirmed the assumed rate of return at the PERA Board of Director'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	51.00%	5.00%
Fixed Income	23.00%	2.60%
Private Equity	10.00%	7.60%
Real Estate	10.00%	4.10%
Alternatives	6.00%	5.20%
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%.

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)

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.
- 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.

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.

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)

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	$ 12,815,367	$ 9,452,476	$ 6,635,585

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/forms-resources/financial-reports-and-studies.

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 carry out the purposes of the PERACare program, including the 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/forms-resources/financial-reports-and-studies.

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 benefit recipients or retirees are 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. 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.

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.

NOTE 7: Postemployment Healthcare Benefits (Continued)

General Information (Continued)

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

PERA Benefit Structure - The maximum service-based premium subsidy is $230 per month for benefit recipients who are under 65 years of age and who are not entitled to Medicare, 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, 2025, was $45,399, 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, 2025, the Academy reported a net OPEB liability of $167,713, representing its proportionate share of the net OPEB liability of the HCTF. The net OPEB liability was measured at December 31, 2024, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2023. Standard update procedures were used to roll forward the total OPEB liability to December 31, 2024. 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, 2024, relative to the contributions of all participating employers.

At December 31, 2024, the Academy's proportion was 0.0350742397%, which was an increase of 0.0020862547% from its proportion measured at December 31, 2023.

For the year ended June 30, 2025, the Academy recognized OPEB expense of ($4,845). At June 30, 2025, the Academy reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

NOTE 7: Postemployment Healthcare Benefits (Continued)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 36,994
Changes of assumptions and other inputs	1,923	53,609
Net difference between projected and actual earnings on plan investments	568	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	148,391	-
Contributions subsequent to the measurement date	23,278	-
Total	$ 174,160	$ 90,603

Academy contributions subsequent to the measurement date of $23,278 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,	
2026	$ 28,609
2027	29,971
2028	10,404
2029	(1,320)
2030	(4,298)
2031	(3,087)
Total	$ 60,279

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.

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 Cost Method	Entry Age
Price inflation	2.30%
Real wage growth	0.70%
Wage inflation	3.00%
Salary increases, including wage inflation	3.40% - 11.00%
Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Heath care cost trend rates:	
Service-based premium subsidy	0.0%
PERACare Medicare plans	
16% in 2024, then 6.75% in 2025, gradually decreasing to 4.5% in 2034	
MAPD PPO #2	
105% in 2024, then 8.55% in 2025, gradually decreasing to 4.50% in 2034	
Medicare Part A premiums:	
3.5% in 2024, gradually increasing to 4.5% in 2033	

The total OPEB liability for the HCTF, as of the December 31, 2024, measurement date, was adjusted to reflect the disaffiliation of Tri-County Health Department (Tri-County Health), effective December 31, 2022. The additional employer disaffiliation payment allocation to the HCTF and the Local Government Division Trust Fund were $0.020 million and $0.486 million, respectively.

Annually, the per capita health care costs are developed by plan option. At December 31, 2023, actuarial valuation and costs are based on 2024 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 2024 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	$ 1,710	$ 1,420	$ 585	$ 486	$ 1,897	$ 1,575
70	$ 1,921	$ 1,589	$ 657	$ 544	$ 2,130	$ 1,763
75	$ 2,122	$ 1,670	$ 726	$ 571	$ 2,353	$ 1,853

Sample Age	MAPD PPO #1 without Medicare Part A for Retiree / Spouse		MAPD PPO #2 without Medicare Part A for Retiree / Spouse		[APD HMO (Kaiser) without Medica Part A for Retiree / Spouse	
	Male	Female	Male	Female	Male	Female
65	$ 6,536	$ 5,429	$ 4,241	$ 3,523	$ 7,063	$ 5,866
70	$ 7,341	$ 6,073	$ 4,764	$ 3,941	$ 7,933	$ 6,563
75	$ 8,110	$ 6,385	$ 5,262	$ 4,143	$ 8,763	$ 6,900

The 2024 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. Medicare plan rates are applied where members have no premium-free Part A and where those premiums are already exceeding the maximum subsidy. MAPD PPO #2 has a separate trend, because the first year rates are still below the maximum subsidy and reflect the estimated impact of the Inflation Reduction Act for that plan option.

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 *	PERACare Medicare Plans *	Medicare Part A Premiums
2024	16.00%	105.00%	3.50%
2025	6.75%	8.55%	3.75%
2026	6.50%	8.10%	3.75%
2027	6.25%	7.65%	4.00%
2028	6.00%	7.20%	4.00%
2029	5.75%	6.75%	4.25%
2030	5.50%	6.30%	4.25%
2031	5.25%	5.85%	4.25%
2032	5.00%	5.40%	4.25%
2033	4.75%	4.95%	4.50%
2034+	4.50%	4.50%	4.50%

Mortality assumptions used in the December 31, 2023, valuation for the determination of the total pension liability, reflect generational mortality and were applied, as applicable, in the December 31, 2023, valuation for the HCTF, but developed using a headcount-weighted basis. SDTF participates in the HCTF (Note 6).

All categories of the mortality tables are generationally projected using scale MP-2019.

- The pre-retirement mortality assumptions for the SDTF were based upon the PubT-2010 Employee Table.
- 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, and 2) females: 83% of the rates prior to age 80 and 106% of the rates for ages 80 and older.

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, 2023, 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 2024 plan year. The healthcare cost trend rates applicable to health care premiums were revised to reflect the then-current expectation of future increases in those premiums. A separate trend rate assumption set was added for MAPD PPO #2 as the first-year rate is still below the maximum subsidy and also the assumption set reflects the estimated impact of the Inflation Reduction Act for that plan option. The Medicare health care plan election rate assumptions were updated effective as of the December 31, 2023, valuation rate based on an experience analysis of recent data.

The actuarial assumptions used in the December 31, 2023, 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 of Directors at their November 20, 2020, meeting.

NOTE 7: Postemployment Healthcare Benefits (Continued)

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

Based on the 2024 experience analysis, dated January 3, 2025, for the period January 1, 2020, to December 31, 2023, revised actuarial assumptions were adopted by PERA's Board of Directors on January 17, 2025, and were effective as of December 31, 2024. The following assumptions were reflected in the roll forward calculation of the total OPEB liability from December 31, 2023, to December 31, 2024.

The following health care costs assumptions were used in the roll-forward calculation for the HCTF.

- Salary increases, including wage inflation for the SDTF were 4% - 13.4%.
- Salary scale assumptions were altered to better reflect actual experience.
- Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.
- Participation rates were reduced.
- MAPD premium costs are no longer age graded.

Plan	With Medicare Part A	Without Medicare Part A
MAPD PPO#1	$ 1,824	$ 6,972
MAPD PPO #2	$ 624	$ 4,524
MAPD HMO (Kaiser)	$ 2,040	$ 7,596

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.

The adjustments for credibility applied to the Pub-2010 mortality tables for active and retired lives, including beneficiaries, were updated based on the experience. All categories in the mortality tables are generationally projected using the 2024 adjusted MP-2021 project scale. These assumptions updated for the Division Trust Funds, were also applied in the roll-forward calculations for the HCTF using a headcount-weighted basis. Affiliated employers of the SDTF participate in the HCTF (Note 7).

- The pre-retirement mortality assumptions for the SDTF were based upon the PubG-2010 Employee Table.
- Post-retirement non-disabled mortality assumptions for the SDTF were based upon the PubT-2010 Healthy Retiree Table, adjusted as follows: 1) males: 106% of the rates for all ages, and 2) females: 86% of the rates prior to age 85 and 115% of the rates for ages 85 and older.

The actuarial assumptions pertaining to per capita health care costs and their related trend rates are analyzed annually and updated, as appropriate, by the PERA Board of Director's actuary.

The long-term expected return on plan assets is monitored on an ongoing basis and reviewed as part of periodic experience studies prepared every four years, and asset/liability studies, performed every three-to-five years for PERA. The most recent analyses were outlined in the 2024 Experience Study report dated January 3, 2025.

NOTE 7: Postemployment Healthcare Benefits (Continued)

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

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 PERA Board of Director's meetings on November 15, 2019, and the September 20, 2024.

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	51.00%	5.00%
Fixed Income	23.00%	2.60%
Private Equity	10.00%	7.60%
Real Estate	10.00%	4.10%
Alternatives	6.00%	5.20%
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 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, 2024, 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.

NOTE 7: Postemployment Healthcare Benefits (Continued)

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

- 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.
- 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 MAPD PPO#2 trend rate**	7.55%	8.55%	9.55%
Ultimate MAPD PPO#2 trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate**	2.75%	3.75%	4.75%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability	$ 163,195	$ 167,713	$ 172,827

** For the January 1, 2025, plan year.

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	$ 205,535	$ 167,713	$ 135,106

NOTE 7: Postemployment Healthcare Benefits (Continued)

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

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/forms-resources/financial-reports-and-studies.

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, 2025, 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, 2025, the Academy's emergency reserve was reported as restricted fund balance in the General Fund, in the amount of $316,900.

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, 2025, the special education reserve was reported in the financial statements as Cash Held by District and a restricted fund balance in the amount of $58,114.

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 Academy 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, 2025

	BUDGET			VARIANCE Positive
	ORIGINAL	FINAL	ACTUAL	(Negative)
REVENUES				
Local Sources				
District Mill Levy	$ 1,689,184	$ 2,174,463	$ 2,301,425	$ 126,962
Contributions and Grants	55,000	55,000	10,603	(44,397)
Student Fees	8,000	8,000	4,424	(3,576)
Earnings on Investment	90,000	45,000	46,441	1,441
Other	15,000	65,000	143,410	78,410
State Sources				
Per Pupil Revenue	6,423,469	7,384,131	7,384,450	319
Capital Construction	196,745	215,223	215,223	-
Grants	751,328	525,621	454,953	(70,668)
Federal Sources	599,054	709,568	784,568	75,000
TOTAL REVENUES	9,827,780	11,182,006	11,345,497	163,491
EXPENDITURES				
Current				
Instruction				
Salaries	2,625,129	2,711,829	2,518,102	193,727
Employee Benefits	869,927	1,000,933	1,088,039	(87,106)
Purchased Services	633,915	1,002,183	893,196	108,987
Supplies and Materials	341,313	360,737	194,130	166,607
Property	31,500	85,000	35,225	49,775
Other	192,092	70,000	-	70,000
Total Instruction	4,693,876	5,230,682	4,728,692	501,990
Supporting Services				
Salaries	1,659,125	1,823,125	2,032,950	(209,825)
Employee Benefits	549,809	672,913	622,031	50,882
Purchased Services	2,362,020	3,072,164	2,917,286	154,878
Supplies and Materials	173,230	236,584	427,568	(190,984)
Property	-	-	69,054	(69,054)
Other	20,402	20,402	11,708	8,694
Total Supporting Services	4,764,586	5,825,188	6,080,597	(255,409)
Debt Service				
Principal	125,142	125,142	214,517	(89,375)
Interest	-	-	58,496	(58,496)
Total Debt Service	125,142	125,142	273,013	(147,871)
TOTAL EXPENDITURES	9,583,604	11,181,012	11,082,302	98,710
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	244,176	994	263,195	262,201
OTHER FINANCING SOURCES (USES)				
Proceeds from Financed Purchases	-	-	19,957	19,957
Transfers In	-	78,042	78,042	-
Transfers Out	(20,000)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(20,000)	78,042	97,999	19,957
CHANGE IN FUND BALANCE	224,176	79,036	361,194	282,158
FUND BALANCE, Beginning	3,753,298	3,707,156	3,707,156	-
FUND BALANCE, Ending	$ 3,977,474	$ 3,786,192	$ 4,068,350	$ 282,158

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, 2025

MEASUREMENT YEAR	12/31/24	12/31/23	12/31/22	12/31/21
PROPORTIONATE SHARE OF THE NET PENSION LIABILITY				
Academy's Proportion of the Net Pension Liability	0.0547814041%	0.0551412234%	0.0487502928%	0.0383434725%
Academy's Proportionate Share of the Net Pension Liability	$ 9,452,476	$ 9,750,855	$ 8,877,168	$ 4,472,790
State's Proportionate Share of the Net Pension Liability Associated with the Academy	848,982	213,807	3,489,371	500,915
Total Proportionate Share of the Net Pension Liability	$ 10,301,458	$ 9,964,662	$ 12,366,539	$ 4,973,705
Academy's Covered Payroll	$ 4,233,206	$ 3,645,330	$ 3,754,619	$ 2,396,343
Academy's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	223%	267%	236%	187%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	67%	65%	62%	75%

FISCAL YEAR	6/30/25	6/30/24	6/30/23	6/30/22
ACADEMY'S CONTRIBUTIONS				
Statutorily Required Contribution	$ 907,084	$ 789,892	$ 796,837	$ 637,651
Contributions in Relation to the Statutorily Required Contribution	(907,084)	(789,892)	(796,837)	(637,651)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -
Academy's Covered Payroll	$ 4,450,835	$ 3,875,809	$ 3,909,982	$ 3,193,828
Contributions as a Percentage of Covered Payroll	20.38%	20.38%	20.38%	19.97%

This schedule is presented to show information for 10 years.
The information for the full 10-year period will be reported when 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%	65%	57%	44%

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, 2025

MEASUREMENT YEAR	12/31/24	12/31/23	12/31/22	12/31/21
PROPORTIONATE SHARE OF THE NET OPEB LIABILITY				
Academy's Proportion of the Net OPEB Liability	0.0350742397%	0.0329879850%	0.0369998810%	0.0250353524%
Academy's Proportionate Share of the Net OPEB Liability	$ 167,713	$ 235,444	$ 302,096	$ 108,524
Academy's Covered Payroll	$ 4,233,206	$ 3,645,330	$ 3,754,619	$ 2,396,343
Academy's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	4%	6%	8%	5%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	60%	46%	39%	39%

FISCAL YEAR	6/30/25	6/30/24	6/30/23	6/30/22
ACADEMY'S CONTRIBUTIONS				
Statutorily Required Contribution	$ 45,399	$ 39,533	$ 39,882	$ 32,577
Contributions in Relation to the Statutorily Required Contribution	(45,399)	(39,533)	(39,882)	(32,577)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -
Academy's Covered Payroll	$ 4,450,835	$ 3,875,809	$ 3,909,982	$ 3,193,828
Contributions as a Percentage of Covered Payroll	1.02%	1.02%	1.02%	1.02%

This schedule is presented to show information for 10 years.
The information for the full 10-year period will be reported when 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.

Accountability

At June 30, 2025, the Academy reported a negative net position in the amount of $5,841,091. However, this is primarily related to the net pension liability and net OPEB liability required to be reported by the Academy, which may fluctuate annually based on valuations and contributions made by employers, employees, and special funding situations. This does not constitute a going concern for the Academy.

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.

As of the December 31, 2024, measurement date, the fiduciary net position, and related disclosure components for HCTF reflect additional payments related to the disaffiliation of Tri-County Health Department as a PERA-affiliated employer, effective December 31, 2022. The additional employer disaffiliation payment allocations to the HCTF and Local Government Division Trust Fund were $0.020 million and $0.486 million, respectively.

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

For RSI disclosures reported in previous years, refer to the PERA's annual comprehensive financial report (ACFR) notes to the required supplementary information at the following link: https://copera.org/forms-resources/financial-reports-and-studies.

NOTE 3: Changes in Assumptions and Other Inputs

STDF Plan – Salary scale assumptions were altered to better reflect actual experience. Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience. The Pub-2010 Public Retirement Plans Mortality base tables were retained for purposes of active, retired, disabled, and beneficiary lives, with revised adjustments for credibility and gender, where applicable. In addition, the applied generational projection scale was updated to the 2024 adjusted scale MP-2021. The estimated administrative expense as a percentage of covered payroll was increased from 0.40% to 0.45%.

SB 25-310 was enacted on June 2, 2025, and effective immediately, allows PERA to accept a series of warrants from the State Treasurer totaling $500 million on or after July 1, 2025, and before October 1, 2025. These dollars will be proportioned over time to replace reductions to the future direct distributions intended to fund the Peace Officer Training and Support Fund and, at that time, will be allocated to the appropriate Division Trust Fund(s) within PERA. SB 25-310 also allows for an alternative actuarial method to allocate the direct distribution if the allocation, based on the reported payroll of each participating division, results in an AAP assessment ratio below the 98% benchmark.

HCTF Plan – Salary scale assumptions were altered to better reflect actual experience. Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience. The adjustments for credibility applied to the Pub-2010 mortality tables for active and retired lives, including beneficiaries, were updated based on experience. In addition, the mortality projection scale was updated to the 2024 adjusted scale MP-2021 to reflect future improvements in mortality for all groups. Participation rates were reduced. MAPD premium costs are no longer age graded.

For RSI disclosures reported in previous years to the PERA's annual comprehensive financial report (ACFR) notes to the required supplementary information may be obtained as follows: https://copera.org/forms-resources/financial-reports-and-studies.