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# Littleton Academy

(a component unit of Arapahoe County School District Number Six)

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**Financial Report**  
**with Supplementary Information**  
**June 30, 2023**

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## Independent Auditor's Report

To the Governing Board  
Littleton Academy

### Report on the Audit of the Financial Statements

#### **Opinions**

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

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

#### **Basis for Opinions**

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

#### **Responsibilities of Management for the Financial Statements**

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the School's ability to continue as a going concern for 12 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 GAAS and *Government 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.

To the Governing Board  
Littleton Academy

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

***Required Supplementary Information***

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

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 16, 2023 on our consideration of Littleton Academy's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Littleton Academy's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Littleton Academy's internal control over financial reporting and compliance.



October 16, 2023

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of  
Financial Statements Performed in Accordance with *Government Auditing Standards*

**Independent Auditor's Report**

To Management and the Governing Board  
Littleton Academy

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of the governmental activities and each major fund of Littleton Academy (the "School") as of and for the year ended June 30, 2023 and the related notes to the basic financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated October 16, 2023.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the School's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the School's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the School's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

To Management and the Governing Board  
Littleton Academy

**Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Plante & Moran, PLLC*

October 16, 2023

This section of the annual financial report for Littleton Academy (the "School") presents our discussion and analysis of the School's financial performance during the year ended June 30, 2023. Please read it in conjunction with the School's financial statements, which immediately follow this section.

### ***Using This Annual Report***

This annual report consists of a series of financial statements and notes to those financial statements. These statements are organized so the reader can understand Littleton Academy financially as a whole. The government-wide financial statements provide information about the activities of the whole School, presenting both an aggregate view of the School's finances and a longer-term view of those finances. The fund financial statements provide the next level of detail. For governmental activities, these statements tell how services were financed in the short term and what remains for future spending. The fund financial statements look at the School's operations in more detail than the government-wide financial statements by providing information about the School's most significant funds, the General Fund, the Building Corporation Fund, and the Operations and Technology Fund. This report is composed of the following elements:

### **Management's Discussion and Analysis (MD&A) (Required Supplementary Information)**

#### **Basic Financial Statements**

Government-wide Financial Statements

Fund Financial Statements

Notes to Financial Statements

#### **Required Supplementary Information**

Budgetary Comparison Schedule - General Fund

Budgetary Comparison Schedule - Special Revenue Funds

Schedule of the School's Proportionate Share of the Net Pension Liability

Schedule of Pension Contributions

Schedule of the School's Proportionate Share of the Net OPEB Liability

Schedule of OPEB Contributions

### ***Reporting the School as a Whole - Government-wide Financial Statements***

One of the most important questions asked about the School is, "As a whole, what is the School's financial condition as a result of the year's activities?" The statement of net position and the statement of activities, which appear first in the School's financial statements, report information on the School as a whole and its activities in a way that helps you answer this question. We prepare these statements to include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources, using the accrual basis of accounting, which is similar to the accounting used by most private sector companies. All of the current year's revenue and expenses are taken into account, regardless of when cash is received or paid.

These two statements report the School's net position - the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources, as reported in the statement of net position - as one way to measure the School's financial health or financial position. Over time, increases or decreases in the School's net position, as reported in the statement of activities, are indicators of whether its financial health is improving or deteriorating. The relationship between revenue and expenses is the School's operating results. However, the School's goal is to provide services to our students, not to generate profits as commercial entities do. One must consider many other nonfinancial factors, such as the quality of the education provided and the safety of the schools, to assess the overall health of the School.

The statement of net position and the statement of activities report the governmental activities for the School, which encompass all of the School's services, including instruction and support services. Property taxes, unrestricted state aid, and state and federal grants finance most of these activities.

***Reporting the School's Fund Financial Statements***

The School's fund financial statements provide detailed information about the most significant funds, not the School as a whole. Some funds are required to be established by state law and by bond covenants. However, the School establishes many other funds to help it control and manage money for particular purposes (the Food Service Fund is an example) or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money (such as bond-funded construction funds used for voter-approved capital projects).

**Governmental Funds**

Governmental fund reporting focuses on showing how money flows into and out of funds and the balances left at year end that are available for spending. They are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the operations of the School and the services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the School's programs. We describe the relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds in a reconciliation.

The Littleton Academy Building Foundation (the "Foundation") is a nonprofit finance organization whose sole purpose is to acquire and lease facilities to the School for governmental use. The Foundation provides services entirely to the School. Due to this relationship, the Foundation is reported as if it were part of or blended with the School's operations as a special revenue fund.



**The School as a Whole**

Recall that the statement of net position provides the perspective of the School as a whole. The following table provides a summary of the School's net position as of June 30, 2023 and 2022:

|                                       | Governmental Activities |                 |
|---------------------------------------|-------------------------|-----------------|
|                                       | 2023                    | 2022            |
|                                       | (in millions)           |                 |
| <b>Assets</b>                         |                         |                 |
| Current and other assets              | \$ 4.1                  | \$ 10.6         |
| Capital assets                        | 16.5                    | 8.8             |
| Total assets                          | 20.6                    | 19.4            |
| <b>Deferred Outflows of Resources</b> | 1.7                     | 1.4             |
| <b>Liabilities</b>                    |                         |                 |
| Current liabilities                   | 0.8                     | 2.9             |
| Noncurrent liabilities                | 10.5                    | 10.5            |
| Net pension liability                 | 6.3                     | 5.0             |
| Net OPEB liability                    | 0.2                     | 0.2             |
| Total liabilities                     | 17.8                    | 18.6            |
| <b>Deferred Inflows of Resources</b>  | 1.2                     | 2.7             |
| <b>Net Position (Deficit)</b>         |                         |                 |
| Net investment in capital assets      | 7.1                     | 2.3             |
| Restricted:                           |                         |                 |
| Debt service                          | -                       | 5.0             |
| Capital projects                      | 0.5                     | 0.5             |
| TABOR                                 | 0.2                     | 0.1             |
| Unrestricted                          | (4.5)                   | (8.4)           |
| Total net position (deficit)          | <b>\$ 3.3</b>           | <b>\$ (0.5)</b> |

The above analysis focuses on net position. The change in net position of the School's governmental activities is discussed below. The School's net position was \$3.3 million at June 30, 2023. Net investment in capital assets totaling \$7.1 million, compares the original cost, less depreciation of the School's capital assets, to long-term debt used to finance the acquisition of those assets. Most of the debt will be repaid from voter-approved property taxes collected as the debt service comes due. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the School's ability to use that net position for day-to-day operations. The remaining amount of net position (\$(4.5) million) was unrestricted.

The \$(4.5) million in unrestricted net position of governmental activities represents the accumulated results of all past years' operations and the impact from GASB Statement Nos. 68 and 75 (recording the School's share of the net pension and OPEB liabilities from the state-managed retirement system). The unrestricted net position balance enables the School to meet working capital and cash flow requirements as well as to provide for future uncertainties. The operating results of the General Fund and the change in the net pension and OPEB liabilities will have a significant impact on the change in unrestricted net position from year to year.

The results of this year’s operations for the School as a whole are reported in the condensed statement of activities below, which shows the changes in net position for the years ended June 30, 2023 and 2022.

|   | Governmental Activities |                 |
|---|-------------------------|-----------------|
|   | 2023                    | 2022            |
|   | (in millions)           |                 |
| <b>Revenue</b>                                    |                         |                 |
| Program revenue:                                  |                         |                 |
| Operating grants and contributions                | \$ 0.3                  | \$ 0.2          |
| Capital grants and contributions                  | 0.2                     | 1.9             |
| General revenue:                                  |                         |                 |
| Taxes   | 1.1                     | 0.9             |
| Per pupil revenue                                 | 4.1                     | 3.9             |
| Other and contributed capital assets              | 3.7                     | 0.1             |
| Total revenue                                     | 9.4                     | 7.0             |
| <b>Expenses</b>                                   |                         |                 |
| Instruction                                       | 3.7                     | 2.2             |
| Support services                                  | 1.6                     | 1.5             |
| Debt service                                      | 0.3                     | 0.1             |
| Total expenses                                    | 5.6                     | 3.8             |
| <b>Change in Net Position</b>                     | 3.8                     | 3.2             |
| <b>Net Position (Deficit) - Beginning of year</b> | (0.5)                   | (3.7)           |
| <b>Net Position (Deficit) - End of year</b>       | <b>\$ 3.3</b>           | <b>\$ (0.5)</b> |

As reported in the statement of activities, the cost of all of our governmental activities this year was \$5.6 million. Certain activities were partially funded by other governments and organizations that subsidized certain programs with grants and contributions (\$0.3 million). We paid for the remaining public benefit portion of our governmental activities with \$1.1 million in taxes, \$4.1 million in state per pupil funding, and other revenue.

The School experienced an increase in net position of \$3.8 million.

As discussed above, the net cost shows the financial burden that was placed on the state and the School’s taxpayers by each of these functions. Since mill levy override property taxes and unrestricted state aid constitute the vast majority of district operating revenue sources, the governing board and administration must annually evaluate the needs of the School and balance those needs with state-prescribed resources.

***The School's Funds***

As we noted earlier, the School uses funds to help it control and manage money for particular purposes. Looking at funds helps the reader consider whether the School is being accountable for the resources taxpayers and others provide to it and may provide more insight into the School’s overall financial health.

As the School completed this year, the governmental funds reported a combined fund balance of \$3.4 million, which is a decrease of \$4.4 million from last year. The primary reasons for the decrease are as follows:

In the General Fund, our principal operating fund, fund balance decreased by approximately \$140,000 to \$2.1 million.

Fund balance of our special revenue funds decreased by approximately \$4.2 million to \$1.3 million due to significant capital outlay expenditures in the Building Corporation Fund.

### **Budgetary Highlights**

The School's budget is prepared according to Colorado law and is based on accounting for certain transactions on a basis of cash receipts and disbursements. A schedule showing the School's original and final budget amounts compared with amounts actually paid and received is provided in the required supplementary information of these financial statements.

### ***Capital Assets and Debt Administration***

#### **Capital Assets**

As of June 30, 2023, the School had \$16.5 million invested in a broad range of capital assets, including land, buildings, furniture, and equipment. This represents a net increase (including additions, disposals, and depreciation) of approximately \$7.7 million from 2022 to 2023.

We present more detailed information about our capital assets in the notes to the financial statements.

#### **Debt**

At the end of this year, the School had \$10.4 million in long-term debt outstanding versus \$10.5 million in the previous year, a change of approximately 1.0 percent.

### ***Economic Factors and Next Year's Budgets and Rates***

The primary aspect driving the budget for the School is the future of the Colorado state budget and related per pupil revenue for K-12 education. The School has been conservative when preparing its three-year budget in anticipation of unpredictable state funding. The School continues to monitor the state legislature and economic news and is confident in its preparation for potential funding challenges in the years to come.

### ***Contacting the School's Management***

This financial report is intended to provide our taxpayers, parents, and investors with a general overview of the School's finances and to show the School's accountability for the money it receives. If you have any questions about this report or need additional information, we welcome you to contact the business office at Littleton Academy, 1200 West Mineral Avenue, Littleton, CO 80120.

**June 30, 2023**

|   | <u>Governmental<br/>Activities</u> |
|---|------------------------------------|
| <b>Assets</b>                                 |                                    |
| Cash and investments (Note 4)                 | \$ 2,841,134                       |
| Due from other governments                    | 116,712                            |
| Restricted assets (Note 4)                    | 1,120,028                          |
| Capital assets:                               |                                    |
| Assets not subject to depreciation (Note 6)   | 12,370,916                         |
| Assets subject to depreciation - Net (Note 6) | <u>4,108,698</u>                   |
| Total assets                                  | 20,557,488                         |
| <b>Deferred Outflows of Resources</b>         |                                    |
| Deferred loss on refunding (Note 7)           | 243,503                            |
| Deferred pension costs (Note 10)              | 1,433,807                          |
| Deferred OPEB costs (Note 11)                 | <u>34,540</u>                      |
| Total deferred outflows of resources          | 1,711,850                          |
| <b>Liabilities</b>                            |                                    |
| Accounts payable                              | 437,441                            |
| Accrued payroll and other liabilities         | 348,657                            |
| Unearned revenue (Note 5)                     | 9,650                              |
| Noncurrent liabilities:                       |                                    |
| Due within one year (Note 7)                  | 202,319                            |
| Due in more than one year (Note 7)            | 10,193,540                         |
| Net pension liability (Note 10)               | 6,344,410                          |
| Net OPEB liability (Note 11)                  | <u>216,173</u>                     |
| Total liabilities                             | 17,752,190                         |
| <b>Deferred Inflows of Resources</b>          |                                    |
| Deferred pension cost reductions (Note 10)    | 1,132,477                          |
| Deferred OPEB cost reductions (Note 11)       | <u>99,214</u>                      |
| Total deferred inflows of resources           | <u>1,231,691</u>                   |
| <b>Net Position</b>                           |                                    |
| Net investment in capital assets              | 7,095,760                          |
| Restricted:                                   |                                    |
| Capital projects                              | 540,845                            |
| TABOR   | 155,900                            |
| Unrestricted                                  | <u>(4,507,048)</u>                 |
| Total net position                            | <u><u>\$ 3,285,457</u></u>         |

**Year Ended June 30, 2023**

|   | Program Revenue     |                      |                                    | Governmental                                      |
|---|---------------------|----------------------|------------------------------------|---|
|   | Expenses            | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions                  |
|   |                     |                      |                                    | Net (Expense) Revenue and Changes in Net Position |
| <b>Functions/Programs</b>                         |                     |                      |                                    |   |
| Primary government - Governmental activities:     |                     |                      |                                    |   |
| Instruction                                       | \$ 3,681,749        | \$ -                 | \$ 269,367                         | \$ -  |
| Support services                                  | 1,613,011           | -                    | -                                  | 163,183   |
| Interest  | 295,595             | -                    | -                                  | -   |
| <b>Total primary government</b>                   | <b>\$ 5,590,355</b> | <b>\$ -</b>          | <b>\$ 269,367</b>                  | <b>\$ 163,183</b>                                 |
| General revenue:                                  |                     |                      |                                    |   |
| District mill levy                                |                     |                      |                                    | 1,070,227   |
| Per pupil revenue                                 |                     |                      |                                    | 4,155,412   |
| Interest and investment earnings                  |                     |                      |                                    | 204,855   |
| Loss on disposal of capital assets                |                     |                      |                                    | (46,092)  |
| Other:  |                     |                      |                                    |   |
| Other income                                      |                     |                      |                                    | 163,294   |
| Contributed capital assets                        |                     |                      |                                    | 3,402,574   |
| <b>Total general revenue</b>                      |                     |                      |                                    | <b>8,950,270</b>                                  |
| <b>Change in Net Position</b>                     |                     |                      |                                    | <b>3,792,465</b>                                  |
| <b>Net Position (Deficit) - Beginning of year</b> |                     |                      |                                    | <b>(507,008)</b>                                  |
| <b>Net Position - End of year</b>                 |                     |                      |                                    | <b>\$ 3,285,457</b>                               |

# Littleton Academy

## Governmental Funds Balance Sheet

June 30, 2023

|  | General Fund        | Building Corporation Fund | Operations and Technology Fund | Total Governmental Funds |
|--|---------------------|---------------------------|--------------------------------|--------------------------|
| <b>Assets</b>  |                     |                           |                                |                          |
| Cash and investments (Note 4)  | \$ 2,192,873        | \$ -                      | \$ 648,261                     | \$ 2,841,134             |
| Due from other governments   | 116,712             | -                         | -                              | 116,712                  |
| Due from other funds (Note 9)  | 60,566              | -                         | -                              | 60,566                   |
| Restricted assets (Note 4)   | -                   | 1,120,028                 | -                              | 1,120,028                |
| <b>Total assets</b>  | <b>\$ 2,370,151</b> | <b>\$ 1,120,028</b>       | <b>\$ 648,261</b>              | <b>\$ 4,138,440</b>      |
| <b>Liabilities</b>   |                     |                           |                                |                          |
| Accounts payable   | \$ 39,065           | \$ 290,960                | \$ 107,416                     | \$ 437,441               |
| Due to other funds (Note 9)  | -                   | 60,566                    | -                              | 60,566                   |
| Accrued payroll and other liabilities                                    | 274,136             | -                         | -                              | 274,136                  |
| Unearned revenue (Note 5)  | 9,650               | -                         | -                              | 9,650                    |
| <b>Total liabilities</b>   | <b>322,851</b>      | <b>351,526</b>            | <b>107,416</b>                 | <b>781,793</b>           |
| <b>Fund Balances</b>   |                     |                           |                                |                          |
| Restricted:  |                     |                           |                                |                          |
| Debt service and capital projects for Building Corporation Fund (Note 2) | -                   | 768,502                   | -                              | 768,502                  |
| Capital projects for Operations and Technology Fund                      | -                   | -                         | 540,845                        | 540,845                  |
| TABOR  | 155,900             | -                         | -                              | 155,900                  |
| Assigned:  |                     |                           |                                |                          |
| Working capital  | 240,714             | -                         | -                              | 240,714                  |
| Encumbered amounts   | 27,761              | -                         | -                              | 27,761                   |
| Unassigned   | 1,622,925           | -                         | -                              | 1,622,925                |
| <b>Total fund balances</b>   | <b>2,047,300</b>    | <b>768,502</b>            | <b>540,845</b>                 | <b>3,356,647</b>         |
| <b>Total liabilities and fund balances</b>                               | <b>\$ 2,370,151</b> | <b>\$ 1,120,028</b>       | <b>\$ 648,261</b>              | <b>\$ 4,138,440</b>      |

**Governmental Funds**

**Reconciliation of the Balance Sheet to the Statement of Net Position**

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**June 30, 2023**

|  |                                   |
|--|-----------------------------------|
| <b>Fund Balances Reported in Governmental Funds</b>  | \$ 3,356,647                      |
| Amounts reported for governmental activities in the statement of net position are different because:   |                                   |
| Capital assets are not financial resources and are not reported in the funds:  |                                   |
| Cost of capital assets (including contributed capital assets)  | 19,192,379                        |
| Accumulated depreciation   | <u>(2,712,765)</u>                |
| Net capital assets used in governmental activities   | 16,479,614                        |
| Deferred outflows related to debt refundings are not reported in the funds   | 243,503                           |
| Long-term obligations and related premiums, including the building loan and leases, are not due and payable in the current period and are not reported in the funds                      | (10,395,859)                      |
| Accrued interest is not due and payable in the current period and is not reported in the funds   | (74,521)                          |
| Some employee fringe benefits are payable over a long period of years and do not represent a claim on current financial resources; therefore, they are not reported as fund liabilities: |                                   |
| Net pension liability and related deferred inflows and outflows  | (6,043,080)                       |
| Net OPEB liability and related deferred inflows and outflows   | <u>(280,847)</u>                  |
| <b>Net Position of Governmental Activities</b>   | <b><u><u>\$ 3,285,457</u></u></b> |

**Governmental Funds**  
**Statement of Revenue, Expenditures, and Changes in Fund Balances**

**Year Ended June 30, 2023**

|  | General Fund        | Building<br>Corporation<br>Fund | Operations and<br>Technology<br>Fund | Total<br>Governmental<br>Funds |
|--|---------------------|---------------------------------|--------------------------------------|--------------------------------|
| <b>Revenue</b>                                     |                     |                                 |                                      |                                |
| Per pupil revenue                                  | \$ 4,155,412        | \$ -                            | \$ -                                 | \$ 4,155,412                   |
| Local sources                                      | 755,115             | 598,149                         | 577,812                              | 1,931,076                      |
| State sources                                      | 329,298             | -                               | -                                    | 329,298                        |
| Federal sources                                    | 103,252             | -                               | -                                    | 103,252                        |
| Total revenue                                      | 5,343,077           | 598,149                         | 577,812                              | 6,519,038                      |
| <b>Expenditures</b>                                |                     |                                 |                                      |                                |
| Current:   |                     |                                 |                                      |                                |
| Instruction  | 3,832,908           | -                               | -                                    | 3,832,908                      |
| Support services                                   | 1,648,207           | 5,854                           | 437,602                              | 2,091,663                      |
| Debt service:                                      |                     |                                 |                                      |                                |
| Principal (Note 7)                                 | 1,603               | -                               | -                                    | 1,603                          |
| Interest   | 71                  | 338,821                         | -                                    | 338,892                        |
| Capital outlay                                     | -                   | 4,515,546                       | 96,253                               | 4,611,799                      |
| Total expenditures                                 | 5,482,789           | 4,860,221                       | 533,855                              | 10,876,865                     |
| <b>Excess of Revenue (Under) Over Expenditures</b> | <b>(139,712)</b>    | <b>(4,262,072)</b>              | <b>43,957</b>                        | <b>(4,357,827)</b>             |
| <b>Net Change in Fund Balances</b>                 | <b>(139,712)</b>    | <b>(4,262,072)</b>              | <b>43,957</b>                        | <b>(4,357,827)</b>             |
| <b>Fund Balances - Beginning of year</b>           | <b>2,187,012</b>    | <b>5,030,574</b>                | <b>496,888</b>                       | <b>7,714,474</b>               |
| <b>Fund Balances - End of year</b>                 | <b>\$ 2,047,300</b> | <b>\$ 768,502</b>               | <b>\$ 540,845</b>                    | <b>\$ 3,356,647</b>            |



**Governmental Funds**

**Reconciliation of the Statement of Revenue, Expenditures, and Changes in  
Fund Balances to the Statement of Activities**

**Year Ended June 30, 2023**

|  |                            |
|--|----------------------------|
| <b>Net Change in Fund Balances Reported in Governmental Funds</b>  | <b>\$ (4,357,827)</b>      |
| Amounts reported for governmental activities in the statement of activities are different because:   |                            |
| Governmental funds report capital outlays as expenditures; however, in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:   |                            |
| Capitalized capital outlay   | 4,526,616                  |
| Depreciation expense   | (198,534)                  |
| Net book value of assets disposed of   | (46,092)                   |
| Contributed capital assets   | 3,402,574                  |
| Repayment of building loan principal and lease is an expenditure in the governmental funds but not in the statement of activities (where it reduces long-term debt and lease liabilities); amortization of premium/discounts is not an expense in the governmental funds | 52,766                     |
| Interest expense is recognized in the government-wide statements as it accrues   | (7,866)                    |
| Some employee costs (pension and OPEB) do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds  | 420,828                    |
| <b>Change in Net Position of Governmental Activities</b>   | <b><u>\$ 3,792,465</u></b> |

**Note 1 - Nature of Business**

Littleton Academy (the "School") is a school district in the state of Colorado that provides educational services to students.

**Note 2 - Significant Accounting Policies**

***Accounting and Reporting Principles***

The School follows accounting principles generally accepted in the United States of America (GAAP), as applicable to governmental units. Accounting and financial reporting pronouncements are promulgated by the Governmental Accounting Standards Board. The following is a summary of the significant accounting policies used by the School:

***Reporting Entity***

Littleton Academy was organized pursuant to the Colorado Charter Schools Act to form and operate a charter school within the Arapahoe County School District Number Six (the "District"). The School began operations in fall 1996.

The School's charter was granted by the District and expires in June 2027. The majority of the School's funding is provided by the District. The School has been determined to be a component unit of the District.

***Blended Component Unit***

The Littleton Academy Building Foundation (the "Foundation") is a nonprofit finance organization whose sole purpose is to acquire and lease facilities to the School for governmental use. The Foundation provides services entirely to the School. Due to the above relationships, the Foundation is reported as if it were part of or blended with the School's operations as a special revenue fund. No separate financial statements for the Foundation have been issued.

***Report Presentation***

Governmental accounting principles require that financial reports include two different perspectives - the government-wide perspective and the fund-based perspective. The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units, as applicable. The government-wide financial statements are presented on the economic resources measurement focus and the full accrual basis of accounting. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. The statements also present a schedule reconciling these amounts to the modified accrual-basis presentation found in the fund-based statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenue. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenue includes: (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Taxes, unrestricted intergovernmental receipts, and other items not properly included among program revenue are reported instead as general revenue.

As a general rule, the effect of interfund activity has been removed from the government-wide financial statements.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

**Note 2 - Significant Accounting Policies (Continued)**

***Fund Accounting***

The School accounts for its various activities in several different funds in order to demonstrate accountability for how it spends certain resources; separate funds allow the School to show the particular expenditures for which specific revenue is used. The various funds are aggregated into one broad fund type:

**Governmental Funds**

Governmental funds include all activities that provide general governmental services that are not business-type activities. Governmental funds can include the General Fund, special revenue funds, debt service funds, capital project funds, and permanent funds. The School reports the following funds as major governmental funds:

- The General Fund is the primary operating fund because it accounts for all financial resources used to provide government services other than those specifically assigned to another fund.
- The Building Corporation Fund is a special revenue fund used to account for the activity of the Foundation, which includes debt service and capital projects for the School. The primary source of revenue is from debt proceeds, rental, and investment income.
- The Operations and Technology Fund is a special revenue fund used to account for ongoing building maintenance, capital improvements, and technology expenditures. The primary source of revenue is from mill levy override property taxes.

Any operating deficit generated by the special revenue funds is the responsibility of the General Fund.

**Interfund Activity**

During the course of operations, the School has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column.

***Basis of Accounting***

The governmental funds use the current financial resources measurement focus and the modified accrual basis of accounting. This basis of accounting is intended to better demonstrate accountability for how the School has spent its resources.

Expenditures are reported when the goods are received or the services are rendered. Capital outlays are reported as expenditures (rather than as capital assets) because they reduce the ability to spend resources in the future; conversely, employee benefit costs that will be funded in the future (such as pension and retiree health care-related costs or sick and vacation pay) are not counted until they come due for payment. In addition, debt service expenditures, claims, and judgments are recorded only when payment is due.

Revenue is not recognized until it is collected or collected soon enough after the end of the year that it is available to pay for obligations outstanding at the end of the year. For this purpose, the School considers amounts collected within 30 days of year end, or 90 days for state and federal grants, to be available for recognition. Revenue not meeting this definition is classified as a deferred inflow of resources.

**Note 2 - Significant Accounting Policies (Continued)**

***Specific Balances and Transactions***

**Cash and Investments**

Cash and investments include equity in pooled cash maintained by the District.

**Restricted Assets**

The amounts reported as restricted investments have been restricted by the Foundation for debt service and capital projects. Investments are stated at amortized cost or net asset value (NAV).

**Capital Assets**

Capital assets, which include land, buildings, building improvements, and equipment, are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the School as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Contributed capital assets are recorded at estimated acquisition value at the date of donation.

Capital assets are depreciated using the straight-line method over the following useful lives:

|                            | Depreciable Life -<br>Years |
|----------------------------|-----------------------------|
| Land improvements          | 20                          |
| Buildings and improvements | 20 to 50                    |
| Equipment                  | 5 to 20                     |

**Long-term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Debt premiums and discounts are deferred and amortized over the life of the bond using the effective interest method. Building loan payables are reported net of the applicable debt premium or discount. Debt issuance costs are expensed at the time they are incurred. In the fund financial statements, governmental fund types recognize debt issuances and premiums as other financing sources and debt discounts as other financing uses. The General Fund and Building Corporation Fund are generally used to liquidate governmental long-term debt.

**Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expense/expenditure) until then.

The School reports deferred outflows related to deferred pension and OPEB costs.

In addition to liabilities, the statement of net position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time.

**Note 2 - Significant Accounting Policies (Continued)**

The School reports deferred inflows related to deferred pension and OPEB cost reductions.

**Net Position**

Net position of the School is classified in three components. Net investment in capital assets consists of capital assets net of accumulated depreciation and is reduced by the current balances of any outstanding borrowings used to finance the purchase or construction of those assets. The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Unrestricted net position is the remaining net position that does not meet the definition of invested in capital or restricted.

**Net Position Flow Assumption**

The School will sometimes fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements (as applicable), a flow assumption must be made about the order in which the resources are considered to be applied. It is the School's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

**Fund Balance Flow Assumptions**

The School will sometimes fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the School's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Furthermore, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

**Fund Balance Policies**

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. Restricted fund balance represents amounts that are legally restricted by outside parties, constitutional provisions, or enabling legislation for use for a specific purpose. The School itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The governing board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget or encumbered amounts. Unlike commitments, assignments generally exist only temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

**Grants and Contributions**

The School receives federal, state, and local grants, as well as contributions from individuals and private organizations. Revenue from grants and contributions (including contributions of capital assets) is recognized when all eligibility requirements, including time requirements, are met. Grants and contributions may be restricted for either specific operating purposes or for capital purposes. Amounts that are unrestricted or that are restricted to a specific operating purpose are reported as nonoperating revenue. Amounts restricted to capital acquisitions are reported after nonoperating revenue and expenses.

**Note 2 - Significant Accounting Policies (Continued)**

**Pension**

The School participates in the School Division Trust Fund (SCHDTF), a 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 (FNP), and additions to/deductions from the FNP of the SCHDTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Other Postemployment Benefit Costs**

The School participates in the Health Care Trust Fund (HCTF), a cost-sharing, multiple-employer defined benefit OPEB fund administered by the Public Employees' Retirement Association of Colorado. 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/deductions from the FNP of the HCTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefits paid on behalf of health care participants are recognized when due and/or payable in accordance with the benefit terms. Investments are reported at fair value.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

**Subsequent Events**

The financial statements and related disclosures include evaluation of events up through and including October 16, 2023, which is the date the financial statements were available to be issued.

**Note 3 - Stewardship, Compliance, and Accountability**

**Budgetary Information**

Annual budgets are adopted on a basis consistent with generally accepted accounting principles and state law for funds. All annual appropriations lapse at fiscal year end. The budget document presents information by fund and function. The legal level of budgetary control adopted by the governing body (i.e., the level at which expenditures may not legally exceed appropriations) is the function level. State law requires the School to have its budget in place by July 1. Expenditures in excess of amounts budgeted are a violation of Colorado law. State law permits districts to amend their budgets during the year. During the year, the budget was amended in a legally permissible manner. There were no significant amendments during the year.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders and contracts) outstanding at year end are reported as restrictions, commitments, or assignments of fund balances and do not constitute expenditures or liabilities because the goods or services have not been received as of year end; the commitments will be reappropriated and honored during the subsequent year. The amount of encumbrances outstanding at year end is \$27,761.

**Note 4 - Cash and Investments**

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

|  |                     |
|--|---------------------|
| Cash and investments   | \$ 2,841,134        |
| Restricted investments for debt service and capital projects | <u>1,120,028</u>    |
| Total cash and investments                                   | <u>\$ 3,961,162</u> |

Colorado state statutes govern the entity's deposits of cash. The Colorado Public Deposit Protection Act (PDPA) requires state regulators to certify eligible depositories for public deposit. The PDPA requires the eligible depositories with public deposits in excess of the amounts insured by the Federal Deposit Insurance Corporation (FDIC) to create a single institutional collateral pool of obligation of the State of Colorado or local Colorado governments and obligations secured by first lien mortgages on real property located in the state. 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 assets in the pool must be at least 102 percent of the uninsured deposits.

Investment policies are governed by Colorado state statutes and the School's own investment policies and procedures. Investments of the School may include:

- Certificates of deposit with an original maturity in excess of three months
- Certain obligations of the United States and U.S. government agency securities
- Certain international agency securities
- General obligation and revenue bonds of U.S. local government entities
- Banker's acceptance of certain banks
- Commercial paper
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts
- Local government investment pools

The School holds shares or interests in government pooled investment funds where the fair value of the investments is measured on a recurring basis using net asset value per share (or its equivalent) of the investment fund as a practical expedient. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy established by generally accepted accounting principles.

At June 30, 2023, the School had investments of approximately \$1.1 million in the Colorado Local Government Liquid Asset Trust (the "Trust"). The Trust is an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commission administers and enforces all state statutes governing the Trust. The Trust operates similarly to a money market fund, and each share is equal in value to \$1. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. COLOTRUST PRIME invests only in U.S. Treasury and government agencies. COLOTRUST PLUS+ can invest in U.S. Treasury, government agencies, and in the highest-rated commercial paper. A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as a safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. The Trust is rated AAAM by Standard & Poor's and is measured at net asset value. There are no unfunded commitments, the redemption frequency is daily, and there is no redemption notice period.



**Note 4 - Cash and Investments (Continued)**

The School's cash and investments are subject to several types of risk, which are examined in more detail below:

***Custodial Credit Risk of Bank Deposits***

Custodial credit risk is the risk that, in the event of a bank failure, the School's deposits may not be returned to it. At June 30, 2023, the School's cash held by the District includes equity in pooled cash maintained by the District, all of which was covered by federal depository insurance or collateralized under PDPA.

***Custodial Credit Risk of Investments***

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the School will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investment policies are governed by Colorado state statutes and the School's own investment policies and procedures. At June 30, 2023, the School does not have investments with custodial credit risk outside of its investments in the Colorado Local Government Liquid Asset Trust.

***Interest Rate Risk***

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The Colorado Revised Statutes generally limit maturities to five years or less from the date of purchase. This limit on investment maturities is a means of limiting exposure to fair value losses arising from increased interest rates. At June 30, 2023, the School does not have investments with interest rate risk.

***Credit Risk***

Credit risk is the risk that an issuer of an investment will not fulfill its obligations to the holder of the investment. State law has various restrictions on a majority of allowable investments and money markets related to ratings by a nationally recognized statistical rating organization. The School's investment policy does not further limit its investment choices. As of June 30, 2023, the School's investments in the Trust were rated AAAM by Standard & Poor's.

***Concentration of Credit Risk***

The School places no limit on the amount it may invest in any one issuer. The School does not have any investments subject to concentration of credit risk.

***Foreign Currency Risk***

Foreign currency risk is the risk that an investment denominated in the currency of a foreign country could reduce its U.S. dollar value as a result of changes in foreign currency exchange rates. State law and the School's investment policy prohibit investments in foreign currency.

**Note 5 - Unavailable/Unearned Revenue**

Governmental funds report unavailable revenue in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. Governmental funds also report unearned revenue recognition in connection with resources that have been received but not yet earned.

At June 30, 2023, the School had no unavailable revenue and \$9,650 of unearned revenue, primarily related to grant payments received prior to meeting all eligibility requirements.



June 30, 2023

**Note 6 - Capital Assets**

Capital asset activity of the School's governmental activities was as follows:

**Governmental Activities**

|  | Balance<br>July 1, 2022 | Additions           | Disposals and<br>Adjustments | Balance<br>June 30, 2023 |
|--|-------------------------|---------------------|------------------------------|--------------------------|
| Capital assets not being depreciated:      |                         |                     |                              |                          |
| Land                                       | \$ 1,019,806            | \$ -                | \$ -                         | \$ 1,019,806             |
| Construction in progress                   | 3,954,659               | 7,396,451           | -                            | 11,351,110               |
| Subtotal                                   | 4,974,465               | 7,396,451           | -                            | 12,370,916               |
| Capital assets being depreciated:          |                         |                     |                              |                          |
| Land improvements                          | 286,101                 | -                   | (178,420)                    | 107,681                  |
| Buildings and improvements                 | 6,124,502               | -                   | -                            | 6,124,502                |
| Furniture and equipment                    | 57,200                  | 532,739             | (8,694)                      | 581,245                  |
| Lease assets - Equipment                   | 8,035                   | -                   | -                            | 8,035                    |
| Subtotal                                   | 6,475,838               | 532,739             | (187,114)                    | 6,821,463                |
| Accumulated depreciation:                  |                         |                     |                              |                          |
| Land improvements                          | 214,729                 | 4,961               | (132,328)                    | 87,362                   |
| Buildings and improvements                 | 2,418,747               | 178,481             | -                            | 2,597,228                |
| Furniture and equipment                    | 21,107                  | 14,422              | (8,694)                      | 26,835                   |
| Lease assets - Equipment                   | 670                     | 670                 | -                            | 1,340                    |
| Subtotal                                   | 2,655,253               | 198,534             | (141,022)                    | 2,712,765                |
| Net capital assets being depreciated       | 3,820,585               | 334,205             | (46,092)                     | 4,108,698                |
| Net governmental activities capital assets | <u>\$ 8,795,050</u>     | <u>\$ 7,730,656</u> | <u>\$ (46,092)</u>           | <u>\$ 16,479,614</u>     |

During the year, the School received \$3,402,574 of contributed capital assets from the District, related to the renovation of the School's building, included in construction in progress as of June 30, 2023.

Depreciation expense was charged to programs of the primary government as follows:

|                               |                   |
|-------------------------------|-------------------|
| Governmental activities:      |                   |
| Instruction                   | \$ 131,032        |
| Support services              | 67,502            |
| Total governmental activities | <u>\$ 198,534</u> |

**Construction Commitments**

The School has active construction projects at year end. The projects include the debt issuance to remodel the School. At year end, the School's commitments with contractors are as follows:

|                | Spent to Date | Remaining<br>Commitment |
|----------------|---------------|-------------------------|
| School remodel | \$ 3,734,646  | \$ 557,466              |

**Note 7 - Long-term Debt**

Long-term debt activity for the year ended June 30, 2023 can be summarized as follows:

**Governmental Activities**

|  | Beginning Balance    | Additions   | Reductions         | Ending Balance       | Due within One Year |
|--|----------------------|-------------|--------------------|----------------------|---------------------|
| Governmental activities:                     |                      |             |                    |                      |                     |
| Direct borrowings - Building loan            | \$ 9,030,000         | \$ -        | \$ -               | \$ 9,030,000         | \$ 135,000          |
| Unamortized premium on loan                  | 1,423,496            | -           | (62,446)           | 1,361,050            | 65,738              |
| Total governmental activities                | 10,453,496           | -           | (62,446)           | 10,391,050           | 200,738             |
| Leases                                       | 6,412                | -           | (1,603)            | 4,809                | 1,581               |
| Total governmental activities long-term debt | <u>\$ 10,459,908</u> | <u>\$ -</u> | <u>\$ (64,049)</u> | <u>\$ 10,395,859</u> | <u>\$ 202,319</u>   |

On January 20, 2022, the Colorado Educational and Cultural Facilities Authority (CECFA) issued \$9,030,000 of Charter School Revenue Refunding Bonds (not including bond premium), Series 2022 A & B, to refund CECFA's outstanding Series 2006 Bonds. The Foundation entered into a loan agreement with the CECFA for the proceeds of the Series 2022 Bonds. Approximately \$2.2 million of proceeds of the Series 2022 A & B Bonds were used by the Foundation to remodel the School's building.

The School is obligated under a lease agreement to make monthly lease payments to the Foundation for using the building, as described in Note 8. The Building Corporation Fund is required to make semiannual loan payments to the trustee for payment of the bonds. The School's lease payments are used by the Building Corporation Fund to make loan payments. Bond interest payments are due semiannually on January 1 and July 1, with interest accruing at rate of 4 percent. Principal payments are due annually on July 1 through 2056. There are no unused lines of credit and no assets pledged as collateral in relation to this loan.

The School had deferred outflows of \$243,503 related to deferred loss on refunding at June 30, 2023.

The retirement of the building loan payable will be liquidated by the Building Corporation Fund, while the net pension liability and the net OPEB liability will be liquidated from the funds from which the individual employee's salaries are paid, generally the General Fund.

**Debt Service Requirements to Maturity**

Annual debt service requirements to maturity for the above bond obligations are as follows:

| Years Ending June 30 | Governmental Activities |                     |                      |
|----------------------|-------------------------|---------------------|----------------------|
|                      | Principal               | Interest            | Total                |
| 2024                 | \$ 135,000              | \$ 356,688          | \$ 491,688           |
| 2025                 | 140,000                 | 352,938             | 492,938              |
| 2026                 | 140,000                 | 347,400             | 487,400              |
| 2027                 | 145,000                 | 341,700             | 486,700              |
| 2028                 | 155,000                 | 335,700             | 490,700              |
| 2029-2033            | 850,000                 | 1,580,800           | 2,430,800            |
| Thereafter           | 7,465,000               | 4,136,300           | 11,601,300           |
| Total                | <u>\$ 9,030,000</u>     | <u>\$ 7,451,526</u> | <u>\$ 16,481,526</u> |

**Note 8 - Intraentity Lease**

The School leases its building from the Foundation. The lease requires monthly payments, which approximate the Foundation's required payments on the long-term debt. Rent expenditure was \$492,700 for the year ended June 30, 2023 and is included in supporting services expenditures in the General Fund. The future minimum lease payment schedule is as follows:

| Years Ending | Amount               |
|--------------|----------------------|
| 2024         | \$ 491,688           |
| 2025         | 492,938              |
| 2026         | 487,400              |
| 2027         | 486,700              |
| 2028         | 490,700              |
| Thereafter   | <u>14,032,100</u>    |
| Total        | <u>\$ 16,481,526</u> |

**Note 9 - Interfund Receivables, Payables, and Transfers**

At June 30, 2023, there was \$60,566 due to the General Fund from the Building Corporation Fund for general reimbursement due to capital expenditures.

These balances result from the time lag between the dates that goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made.

**Note 10 - Defined Benefit Pension Plan**

***General Information about the Pension Plan***

**Plan Description**

Eligible employees of the School are provided with pensions through the SCHDTF, a cost-sharing, multiple-employer defined benefit pension plan administered by PERA. Plan benefits are specified in Title 24, Article 51 of the Colorado Revised Statutes (C.R.S.), administrative rules set forth at 8 C.C.R. 1502-1, and applicable provisions of the federal Internal Revenue Code. Colorado state law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available Annual Comprehensive Financial Report (ACFR) that can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

**Benefits Provided as of December 31, 2021**

PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. § 24-51-602, 604, 1713, and 1714.

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

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

**Note 10 - Defined Benefit Pension Plan (Continued)**

The lifetime retirement benefit for all eligible retiring employees under the Denver Public Schools (DPS) benefit structure is the greater of the:

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

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

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

Upon meeting certain criteria, benefit recipients who elect to receive a lifetime retirement benefit generally receive post-retirement cost of living adjustments, referred to as annual increases in the C.R.S. Subject to the automatic adjustment provision (AAP) under C.R.S. § 24-51-413, eligible benefit recipients under the PERA benefit structure who began membership before January 1, 2007 and all eligible benefit recipients of the DPS benefit structure will receive the maximum annual increase (AI) or AI cap of 1.00 percent unless adjusted by the AAP. Eligible benefit recipients under the PERA benefit structure who began membership on or after January 1, 2007 will receive the lesser of an annual increase of the 1.00 percent 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 percent of PERA's annual increase reserve (AIR) for the SCHDTF. The AAP may raise or lower the aforementioned AI cap by up to 0.25 percent based on the parameters specified in C.R.S. § 24-51-413.

Disability benefits are available for eligible employees once they reach 5 years of earned service credit and are determined to meet the definition of disability. The disability benefit amount is based on the lifetime retirement benefit formula(s) shown above considering a minimum 20 years of service credit, if deemed disabled.

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

**Note 10 - Defined Benefit Pension Plan (Continued)**

**Contributions Provisions as of June 30, 2022**

Eligible employees of the School and the State are required to contribute to the SCHDTF at a rate set by Colorado statute. The contribution requirements for the SCHDTF are established under C.R.S. § 24-51-401, et seq. and § 24-51-413. Eligible employees are required to contribute 10.50 percent of their PERA-includable salary during the period of July 1, 2021 through June 30, 2022. Employer contribution requirements are summarized in the table below:

|   | July 1, 2022<br>through June 30,<br>2023 |
|---|--|
| Employer contribution rate  | 11.40%                                   |
| Amount of employer contribution apportioned to the Health Care Trust Fund, as specified in C.R.S. § 24-51-208(1)(f) | (1.02)                                   |
| Amount apportioned to the SCHDTF  | 10.38                                    |
| Amortization Equalization Disbursement (AED), as specified in C.R.S. § 24-51-411                                    | 4.50                                     |
| Supplemental Amortization Equalization Disbursement (SAED), as specified in C.R.S. § 24-51-411                      | <u>5.50</u>                              |
| Total employer contribution rate to the SCHDTF  | <u><u>20.38%</u></u>                     |

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

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the School is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from the School were \$541,014 for the year ended June 30, 2023.

For the purpose of GASB 68 paragraph 15, a circumstance exists in which a nonemployer contributing entity is legally responsible for making contributions to the SCHDTF and is considered to meet the definition of a special funding situation. As specified in C.R.S. § 24-51-414, the State is required to contribute \$225 million (actual dollars) direct distribution each year to PERA starting on July 1, 2018. A portion of the direct distribution payment is allocated to the SCHDTF based on the proportionate amount of annual payroll of the SCHDTF to the total annual payroll of the SCHDTF, State Division Trust Fund, Judicial Division Trust Fund, and Denver Public Schools Division Trust Fund. House Bill (HB) 22-1029 instructed the state treasurer to issue an additional direct distribution to PERA in the amount of \$380 million (actual dollars) upon enactment. The July 1, 2023 payment is reduced by \$190 million (actual dollars) to \$35 million (actual dollars). The July 1, 2024 payment will not be reduced due to PERA's negative investment return in 2022. Senate Bill (SB) 23-056, enacted on June 2, 2023, requires an additional direct distribution of approximately \$14.5 million (actual dollars) for a total of approximately \$49.5 million (actual dollars) to be contributed on July 1, 2023.

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

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

**Note 10 - Defined Benefit Pension Plan (Continued)**

At June 30, 2023, the School reported a liability of \$6,344,410 for its proportionate share of the net pension liability, which reflected an increase for support from the State as a nonemployer contributing entity. The amount recognized by the School as its proportionate share of the net pension liability, the related support from the State as a nonemployer contributing entity, and the total portion of the net pension liability that was associated with School were as follows:

|  |                            |
|--|----------------------------|
| School's proportionate share of the net pension liability  | \$ 6,344,410               |
| The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the School | <u>1,848,825</u>           |
| Total  | <u><u>\$ 8,193,235</u></u> |

At December 31, 2022, the School's proportion was 0.034841 percent, which was a decrease of 0.008505 percent from its proportion measured as of December 31, 2021.

For the year ended June 30, 2023, the School recognized pension income of \$407,824 and revenue of \$157,657 for support from the State as a nonemployer contributing entity. At June 30, 2023, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|   | Deferred<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources |
|---|--------------------------------------|-------------------------------------|
| Difference between expected and actual experience   | \$ 60,043                            | \$ -                                |
| Changes in assumptions or other inputs  | 112,380                              | -                                   |
| Net difference between projected and actual earnings on pension plan investments                                | 852,288                              | -                                   |
| Changes in proportion and differences between contributions recognized and proportionate share of contributions | 109,195                              | (1,132,477)                         |
| Contributions subsequent to the measurement date  | <u>299,901</u>                       | <u>-</u>                            |
| Total   | <u><u>\$ 1,433,807</u></u>           | <u><u>\$ (1,132,477)</u></u>        |

The \$299,901 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Years Ending<br>June 30 | Amount       |
|-------------------------|--------------|
| 2024                    | \$ (411,492) |
| 2025                    | (279,907)    |
| 2026                    | 197,090      |
| 2027                    | 495,738      |

**Note 10 - Defined Benefit Pension Plan (Continued)**

**Actuarial Assumptions**

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

|   |                     |
|---|---------------------|
| Actuarial cost method   | Entry age           |
| Price inflation   | 2.30%               |
| Real wage growth  | 0.70%               |
| Wage inflation  | 3.00%               |
| Salary increases, including wage inflation  | 3.40%-11.00%        |
| Long-term investment rate of return, net of pension plan investment expenses, including price inflation | 7.25%               |
| Discount rate   | 7.25%               |
| Post-retirement benefit increases:  |                     |
| PERA benefit structure hired prior to 1/1/07 and DPS benefit structure (compounded annually)            | 1.00%               |
| PERA benefit structure hired after 12/31/06*  | Financed by the AIR |

\*Post-retirement benefit increases are provided by the AIR, accounted separately within each Division Trust Fund, and are subject to moneys being available; therefore, liabilities related to increases for members of these benefit tiers can never exceed available assets.

The mortality tables described below are generational mortality tables developed on a benefit-weighted basis.

Pre-retirement mortality assumptions were based upon the PubT-2010 Employee Table, with generational projection using scale MP-2019.

Post-retirement nondisabled mortality assumptions were based upon the PubT-2010 Healthy Retiree Table, adjusted as follows:

- Males: 112 percent of the rates prior to age 80 and 94 percent of the rates for ages 80 and older, with generational projection using scale MP-2019
- Females: 83 percent of the rates prior to age 80 and 106 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.

Post-retirement nondisabled beneficiary mortality assumptions were based upon the Pub-2010 Contingent Survivor Table, adjusted as follows:

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

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

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

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four to five years for PERA. Recently, this assumption has been reviewed more frequently. The most recent analyses were outlined in the experience study report dated October 28, 2020.

**Note 10 - Defined Benefit Pension Plan (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 weighting the expected future real rates of return by the target asset allocation percentages and then adding expected inflation.

The PERA board first adopted the 7.25 percent long-term expected rate of return as of November 18, 2016. Following an asset/liability study, the PERA board reaffirmed the assumed rate of return at its 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<br>Expected<br>Geometric Real<br>Rate of Return |
|----------------|-------------------|---|
| Global equity  | 54.00 %           | 5.60 %  |
| Fixed income   | 23.00             | 1.30  |
| Private equity | 8.50              | 7.10  |
| Real estate    | 8.50              | 4.40  |
| Alternatives   | 6.00              | 4.70  |
| Total          | 100.00 %          |   |

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

**Discount Rate**

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

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00 percent.
- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the scheduled increases in SB 18-200 and required adjustments resulting from the 2018 and 2020 AAP assessments. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the scheduled increase in SB 18-200 and required adjustments resulting from the 2018 and 2020 AAP assessments. Employer contributions also include current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103 percent, at which point the AED and SAED will each drop 0.50 percent every year until they are zero. Additionally, estimated employer contributions reflect reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.



**Note 10 - Defined Benefit Pension Plan (Continued)**

- As specified in law, the State, as a nonemployer contributing entity, will provide an annual direct distribution of \$225 million (actual dollars), commencing on July 1, 2018, that is proportioned between the State, School, Judicial, and DPS Division Trust Funds based upon the covered payroll of each division. The annual direct distribution ceases when all Division Trust Funds are fully funded.
- HB 22-1029, effective upon enactment in 2022, required the state treasurer to issue, in addition to the regularly scheduled \$225 million (actual dollars) direct distribution, a warrant to PERA in the amount of \$380 million (actual dollars). The July 1, 2023 direct distribution is reduced by \$109 million (actual dollars) to \$35 million (actual dollars). The July 1, 2024 direct distribution will not be reduced from \$225 million (actual dollars) due to PERA's negative investment return in 2022.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial FNP, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the FNP and the subsequent AIR benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the middle of the year.

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

***Sensitivity of the School's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate***

The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.25 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.25 percent) or 1 percentage point higher (8.25 percent) than the current rate:

|  | 1 Percentage<br>Point Decrease<br>(6.25%) | Current Discount<br>Rate<br>(7.25%) | 1 Percentage<br>Point Increase<br>(8.25%) |
|--|---|-------------------------------------|---|
| Proportionate share of the net pension liability | \$ 8,302,651                              | \$ 6,344,410                        | \$ 4,709,079                              |

***Pension Plan Fiduciary Net Position***

Detailed information about the SCHDTF's FNP is available in PERA's ACFR, which can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

**Note 11 - Defined Benefit Other Postemployment Benefits Plan*****General Information about the OPEB Plan*****Plan Description**

Eligible employees of the School are provided with OPEB through the HCTF, a cost-sharing, multiple-employer defined benefit OPEB plan administered by PERA. The HCTF is established under Title 24, Article 51, Part 12 of the Colorado Revised Statutes, as amended, and sets forth a framework that grants authority to the PERA board to contract, self-insure, and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of the premium subsidies. Colorado state law provisions may be amended by the Colorado General Assembly. PERA issues a publicly available Annual Comprehensive Financial Report, which can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

**Benefits Provided**

The HCTF provides a health care premium subsidy to eligible participating PERA benefit recipients and retirees who choose to enroll in one of the PERA health care plans; however, the subsidy is not available if only enrolled in the dental and/or vision plan(s). The health care premium subsidy is based upon the benefit structure under which the member retires and the member's years of service credit. For members who retire having service credit with employers in the Denver Public Schools (DPS) Division and one or more of the other four divisions (State, School, Local Government, and Judicial), the premium subsidy is allocated between the HCTF and the Denver Public Schools Health Care Trust Fund (DPS HCTF). The basis for the amount of the premium subsidy funded by each trust fund is the percentage of the member contribution account balance from each division as it relates to the total member contribution account balance from which the retirement benefit is paid.

C.R.S. § 24-51-1202 et seq. specifies the eligibility for enrollment in the health care plans offered by PERA and the amount of the premium subsidy. The law governing a benefit recipient's eligibility for the subsidy and the amount of the subsidy differs slightly depending under which benefit structure the benefits are calculated. All benefit recipients under the PERA benefit structure and all retirees under the DPS benefit structure are eligible for a premium subsidy, if enrolled in a health care plan under PERACare. Upon the death of a DPS benefit structure retiree, no further subsidy is paid.

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

**PERA Benefit Structure**

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

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

**Note 11 - Defined Benefit Other Postemployment Benefits Plan (Continued)**

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

**Contributions**

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

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the School is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from School were \$32,041 for the year ended June 30, 2023.

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

At June 30, 2023, the School reported a liability of \$216,173 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2022, and the total OPEB liability (TOL) used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2021. Standard update procedures were used to roll forward the TOL to December 31, 2022. The School's proportion of the net OPEB liability was based on the School's contributions to the HCTF for the calendar year 2022 relative to the total contributions of participating employers to the HCTF.

At December 31, 2022, the School's proportion was 0.02647 percent, which was an increase of 0.00081 percent from its proportion measured as of December 31, 2021.

For the year ended June 30, 2023, the School recognized OPEB recovery of \$13,003. At June 30, 2023, the School reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

|   | Deferred<br>Outflows of<br>Resources | Deferred Inflows<br>of Resources |
|---|--------------------------------------|----------------------------------|
| Difference between expected and actual experience   | \$ 28                                | \$ 52,278                        |
| Changes of assumptions or other inputs  | 3,474                                | 23,859                           |
| Net difference between projected and actual earnings on OPEB plan investments                                   | 13,204                               | -                                |
| Changes in proportion and differences between contributions recognized and proportionate share of contributions | 3,090                                | 23,077                           |
| Contributions subsequent to the measurement date  | 14,744                               | -                                |
| Total   | <u>\$ 34,540</u>                     | <u>\$ 99,214</u>                 |

**Note 11 - Defined Benefit Other Postemployment Benefits Plan (Continued)**

The \$14,744 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

| Years Ending<br>June 30 | Amount      |
|-------------------------|-------------|
| 2024                    | \$ (27,202) |
| 2025                    | (25,531)    |
| 2026                    | (14,178)    |
| 2027                    | (3,074)     |
| 2028                    | (7,637)     |
| Thereafter              | (1,795)     |

**Actuarial Assumptions**

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

|   |   |
|---|---|
| Actuarial cost method   | Entry age   |
| Price inflation   | 2.30%   |
| Real wage growth  | 0.70%   |
| Wage inflation  | 3.00%   |
| Salary increases, including wage inflation - Members other than state troopers                  | 3.40%-11.00%  |
| Long-term investment rate of return, net of OPEB investment expenses, including price inflation | 7.25%   |
| Discount rate   | 7.25%   |
| Health care cost trend rates - PERA benefit structure:  |   |
| Service-based premium subsidy   | 0.00%   |
| PERACare Medicare plans   | 6.50% in 2022,<br>gradually<br>decreasing to<br>4.50% in 2030 |
| Medicare Part A premiums  | 3.75% in 2022,<br>gradually<br>increasing to<br>4.50% in 2029 |

The TOL for the HCTF, as of the December 31, 2022 measurement date, was adjusted to reflect the disaffiliation, allowable under C.R.S. § 24-51-313, of Tri-County Health Department (TriCounty Health), effective December 31, 2022. As of the close of the 2022 fiscal year, no disaffiliation payment associated with Tri-County Health was received; therefore, no disaffiliation dollars were reflected in the FNP as of the December 31, 2022 measurement date.

**Note 11 - Defined Benefit Other Postemployment Benefits Plan (Continued)**

Beginning on January 1, 2022, the per capita health care costs are developed by plan option, based on 2022 premium rates for the UnitedHealthcare Medicare Advantage Prescription Drug (MAPD) PPO plan #1, the UnitedHealthcare MAPD PPO plan #2, and the Kaiser Permanente MAPD HMO plan. Actuarial morbidity factors are then applied to estimate individual retiree and spouse costs by age, gender, and health care cost trend. This approach applies for all members and is adjusted accordingly for those not eligible for premium-free Medicare Part A for the PERA benefit structure.

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

  

| Sample Age | MAPD PPO #1 with Medicare Part A Retiree/Spouse |          | MAPD PPO #2 with Medicare Part A Retiree/Spouse |        | MAPD HMO (Kaiser) with Medicare Part A Retiree/Spouse |          |
|------------|---|----------|---|--------|---|----------|
|            | Male  | Female   | Male  | Female | Male  | Female   |
| 65         | \$ 1,704  | \$ 1,450 | \$ 583  | \$ 496 | \$ 1,923  | \$ 1,634 |
| 70         | 1,976   | 1,561    | 676   | 534    | 2,229   | 1,761    |
| 75         | 2,128   | 1,681    | 728   | 575    | 2,401   | 1,896    |

  

| Sample Age | MAPD PPO #1 without Medicare Part A Retiree/Spouse |          | MAPD PPO #2 without Medicare Part A Retiree/Spouse |          | MAPD HMO (Kaiser) without Medicare Part A Retiree/Spouse |          |
|------------|--|----------|--|----------|--|----------|
|            | Male   | Female   | Male   | Female   | Male   | Female   |
| 65         | \$ 6,514   | \$ 5,542 | \$ 4,227   | \$ 3,596 | \$ 6,752   | \$ 5,739 |
| 70         | 7,553  | 5,966    | 4,901  | 3,872    | 7,826  | 6,185    |
| 75         | 8,134  | 6,425    | 5,278  | 4,169    | 8,433  | 6,657    |

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

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

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

**Note 11 - Defined Benefit Other Postemployment Benefits Plan (Continued)**

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models, and industry methods developed by health plan actuaries and administrators. In addition, projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services are referenced in the development of these rates. Effective December 31, 2021, the health care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

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

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

Mortality assumptions used in the December 31, 2021 valuation for the determination of the total pension liability for each of the Division Trust Funds, as shown below, reflect generational mortality and were applied, as applicable, in the determination of the TOL for the HCTF but were developed using a headcount-weighted basis. Affiliated employers of the State, School, Local Government, and Judicial Divisions participate in the HCTF.

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

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

Pre-retirement mortality assumptions for the School Division were based upon the PubT-2010 Employee Table, with generational projection using scale MP-2019.

Pre-retirement mortality assumptions for the Judicial Division were based upon the PubG-2010(A) Above-Median Employee Table, with generational projection using scale MP-2019.

Post-retirement nondisabled mortality assumptions for the State and Local Government Divisions (members other than state troopers) were based upon the PubG-2010 Healthy Retiree Table, adjusted as follows:

- Males: 94 percent of the rates prior to age 80 and 90 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.
- Females: 87 percent of the rates prior to age 80 and 107 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.

Post-retirement nondisabled mortality assumptions for state troopers were based upon the unadjusted PubS-2010 Healthy Retiree Table, with generational projection using scale MP-2019.

**Note 11 - Defined Benefit Other Postemployment Benefits Plan (Continued)**

Post-retirement nondisabled mortality assumptions for the School Division were based upon the PubT-2010 Healthy Retiree Table, adjusted as follows:

- Males: 112 percent of the rates prior to age 80 and 94 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.
- Females: 83 percent of the rates prior to age 80 and 106 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.

Post-retirement nondisabled mortality assumptions for the Judicial Division were based upon the unadjusted PubG-2010(A) Above-Median Healthy Retiree Table, with generational projection using scale MP-2019.

Post-retirement nondisabled beneficiary mortality assumptions were based upon the Pub-2010 Contingent Survivor Table, adjusted as follows:

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

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

Disabled mortality assumptions for state troopers were based upon the unadjusted PubS-2010 Disabled Retiree Table, with generational projection using scale MP-2019.

The following health care costs assumptions were updated and used in the rollforward calculation for the Trust Fund:

- Per capita health care costs in effect as of the December 31, 2021 valuation date for those PERACare enrollees under the PERA benefit structure who are expected to be age 65 and older and are not eligible for premium-free Medicare Part A benefits have been updated to reflect costs for the 2022 plan year.
- The December 31, 2021 valuation utilizes premium information as of January 1, 2022, as the initial per capital health care cost. As of that date, PERACare health benefits administration is performed by UnitedHealthcare. In that transition, the costs for the Medicare Advantage Option #2 decreased to a level that is lower than the maximum possible service-related subsidy as described in the plan provisions.
- The health care cost trend rates applicable to health care premiums were revised to reflect the then current expectation of future increases in those premiums. Medicare Part A premiums continued with the prior valuation trend pattern.

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

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

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



**Note 11 - Defined Benefit Other Postemployment Benefits Plan (Continued)**

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

Several factors 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 weighting the expected future real rates of return by the target asset allocation percentages and then adding expected inflation.

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

| Asset Class    | Target Allocation | 30-year<br>Expected<br>Geometric Real<br>Rate of Return |
|----------------|-------------------|---|
| Global equity  | 54.00 %           | 5.60 %  |
| Fixed income   | 23.00             | 1.30  |
| Private equity | 8.50              | 7.10  |
| Real estate    | 8.50              | 4.40  |
| Alternatives   | 6.00              | 4.70  |
| Total          | 100.00 %          | 23.10 %   |

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

***Sensitivity of the School's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rates***

The following presents the net OPEB liability using the current health care cost trend rates applicable to the PERA benefit structure, as well as if it were calculated using health care cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current rates:

|                                       | 1 Percentage<br>Point Decrease<br>in Trend Rates | Current Trend<br>Rates | 1 Percentage<br>Point Increase in<br>Trend Rates |
|---------------------------------------|--|------------------------|--|
| Initial PERACare Medicare trend rate  | 5.25%  | 6.25%                  | 7.25%  |
| Ultimate PERACare Medicare trend rate | 3.50%  | 4.50%                  | 5.50%  |
| Initial Medicare Part A trend rate    | 3.00%  | 4.00%                  | 5.00%  |
| Ultimate Medicare Part A trend rate   | 3.50%  | 4.50%                  | 5.50%  |
| Net OPEB liability                    | \$210,054  | \$216,173              | \$222,831  |

\*For the January 1, 2023 plan year.



**Note 11 - Defined Benefit Other Postemployment Benefits Plan (Continued)**

***Discount Rate***

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

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2022 measurement date.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00 percent.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Estimated transfers of dollars into the HCTF representing a portion of purchase service agreements intended to cover the costs associated with OPEB benefits.
- Benefit payments and contributions were assumed to be made at the middle of the year.

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

***Sensitivity of the School'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 percent, as well as what the proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.25 percent) or 1 percentage point higher (8.25 percent) than the current rate:

|   | 1 Percentage<br>Point Decrease<br>(6.25%) | Current Discount<br>Rate (7.25%) | 1 Percentage<br>Point Increase<br>(8.25%) |
|---|---|----------------------------------|---|
| Proportionate share of the net OPEB liability | \$ 250,609                                | \$ 216,173                       | \$ 186,720                                |

***OPEB Plan Fiduciary Net Position***

Detailed information about the HCTF's FNP is available in PERA's ACFR, which can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

**Note 12 - Contingent Liabilities**

The School participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the School may be required to reimburse the grantor government.

**Note 13 - Tax, Spending, and Debt Limitations**

In November 1992, Colorado voters passed an amendment (the "Amendment" or TABOR) to the State Constitution (Article X, Section 20), which limits the revenue raising and spending abilities of state and local governments. The limits on property taxes, revenue, and fiscal year spending include allowable annual increases tied to inflation and local growth in construction valuation. Fiscal year spending, as defined by the Amendment, excludes spending from certain revenue and financing sources, such as federal funds, gifts, property sales, fund transfers, damage awards, and fund reserve (balance). The Amendment requires voter approval for any increase in mill levy or tax rates, new taxes, or creation of multiyear debt.

Revenue earned in excess of the spending limit must be refunded or approved to be retained by the School under specified voting requirements by the entire electorate.

The Amendment also requires local governments to establish emergency reserves to be used for declared emergencies only. An emergency, as defined by the Amendment, excludes economic conditions, revenue shortfalls, or salary and fringe benefit increases. These reserves are required to be 3 percent or more of fiscal year spending (excluding bonded debt service). The School has restricted \$155,900 for this purpose. The TABOR amendment is subject to many interpretations, but the School believes it is in compliance.

**Note 14 - Risk Management**

The School is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. The School participates in the District's risk management programs for workers' compensation claims, liability, and property coverage. Settled claims have not exceeded coverage for the past three years.

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## Required Supplementary Information

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**Littleton Academy**

Required Supplementary Information  
Budgetary Comparison Schedule - General Fund

**Year Ended June 30, 2023**

|  | Original Budget     | Final Budget        | Actual              | (Under) Over<br>Final Budget |
|--|---------------------|---------------------|---------------------|------------------------------|
| <b>Revenue</b>   |                     |                     |                     |                              |
| Local sources  | \$ 857,078          | \$ 857,078          | \$ 755,115          | \$ (101,963)                 |
| State sources  | 134,713             | 134,713             | 329,298             | 194,585                      |
| Federal sources  | -                   | -                   | 103,252             | 103,252                      |
| Per pupil revenue  | 4,141,388           | 4,141,388           | 4,155,412           | 14,024                       |
| Total revenue  | 5,133,179           | 5,133,179           | 5,343,077           | 209,898                      |
| <b>Expenditures</b>  |                     |                     |                     |                              |
| Current:   |                     |                     |                     |                              |
| Instruction  | 3,642,692           | 3,842,692           | 3,832,908           | (9,784)                      |
| Support services   | 1,490,487           | 1,590,487           | 1,648,207           | 57,720                       |
| Debt service:  |                     |                     |                     |                              |
| Principal  | -                   | -                   | 1,603               | 1,603                        |
| Interest   | -                   | -                   | 71                  | 71                           |
| Total expenditures   | 5,133,179           | 5,433,179           | 5,482,789           | 49,610                       |
| <b>Net Change in Fund Balance</b> - Excess of<br>expenditures over revenue | -                   | (300,000)           | (139,712)           | 160,288                      |
| <b>Fund Balance</b> - Beginning of year                                    | 2,187,012           | 2,187,012           | 2,187,012           | -                            |
| <b>Fund Balance</b> - End of year  | <b>\$ 2,187,012</b> | <b>\$ 1,887,012</b> | <b>\$ 2,047,300</b> | <b>\$ 160,288</b>            |

**Littleton Academy**

Required Supplementary Information  
Budgetary Comparison Schedule - Special Revenue Funds  
Operations and Technology Fund

**Year Ended June 30, 2023**

|   | <u>Original Budget</u>   | <u>Final Budget</u>      | <u>Actual</u>            | <u>Over (Under)<br/>Adopted<br/>Budget</u> |
|---|--------------------------|--------------------------|--------------------------|--|
| <b>Revenue</b> - Local sources          | \$ 546,359               | \$ 546,359               | \$ 577,812               | \$ 31,453                                  |
| <b>Expenditures</b> - Support services  | 442,746                  | 542,746                  | 533,855                  | (8,891)                                    |
| <b>Net Change in Fund Balance</b>       | 103,613                  | 3,613                    | 43,957                   | 40,344                                     |
| <b>Fund Balance</b> - Beginning of year | 496,888                  | 496,888                  | 496,888                  | -  |
| <b>Fund Balance</b> - End of year       | <u><u>\$ 600,501</u></u> | <u><u>\$ 500,501</u></u> | <u><u>\$ 540,845</u></u> | <u><u>\$ 40,344</u></u>                    |

**Littleton Academy**

Required Supplementary Information  
Budgetary Comparison Schedule - Special Revenue Funds  
Building Corporation Fund

**Year Ended June 30, 2023**

|   | Original and<br>Final Budget | Actual            | Over (Under)<br>Original and<br>Final Budget |
|---|------------------------------|-------------------|--|
| <b>Revenue</b> - Local sources          | \$ -                         | \$ 598,149        | \$ 598,149                                   |
| <b>Expenditures</b>                     |                              |                   |  |
| Support services                        | -                            | 5,854             | 5,854  |
| Debt service - Interest                 | -                            | 338,821           | 338,821                                      |
| Capital outlay                          | -                            | 4,515,546         | 4,515,546                                    |
| Total expenditures                      | -                            | 4,860,221         | 4,860,221                                    |
| <b>Net Change in Fund Balance</b>       | -                            | (4,262,072)       | (4,262,072)                                  |
| <b>Fund Balance</b> - Beginning of year | -                            | 5,030,574         | 5,030,574                                    |
| <b>Fund Balance</b> - End of year       | <u>\$ -</u>                  | <u>\$ 768,502</u> | <u>\$ 768,502</u>                            |

## Littleton Academy

### Required Supplementary Information Schedule of the School's Proportionate Share of the Net Pension Liability Colorado Public Employees' Retirement Association

|  | <b>Last Ten Plan Years</b>      |              |              |              |              |               |               |              |              |              |
|--|---------------------------------|--------------|--------------|--------------|--------------|---------------|---------------|--------------|--------------|--------------|
|  | <b>Plan Years Ended June 30</b> |              |              |              |              |               |               |              |              |              |
|  | 2022                            | 2021         | 2020         | 2019         | 2018         | 2017          | 2016          | 2015         | 2014         | 2013         |
| School's proportion of the net pension liability   | 0.03484 %                       | 0.04335 %    | 0.04642 %    | 0.03645 %    | 0.03524 %    | 0.03836 %     | 0.03893 %     | 0.03848 %    | 0.03936 %    | 0.03971 %    |
| School's proportionate share of the net pension liability  | \$ 6,344,410                    | \$ 5,044,384 | \$ 7,018,443 | \$ 5,445,219 | \$ 6,240,399 | \$ 12,392,738 | \$ 11,591,001 | \$ 5,885,733 | \$ 5,334,533 | \$ 5,065,260 |
| School's covered payroll   | \$ 2,847,304                    | \$ 2,559,903 | \$ 2,520,746 | \$ 2,126,845 | \$ 1,938,686 | \$ 1,769,791  | \$ 1,743,924  | \$ 1,680,028 | \$ 1,645,123 | \$ 1,602,530 |
| School's proportionate share of the net pension liability as a percentage of its covered payroll | 222.82 %                        | 197.10 %     | 278.40 %     | 256.00 %     | 321.90 %     | 700.20 %      | 664.70 %      | 350.30 %     | 324.30 %     | 316.10 %     |
| Plan fiduciary net position as a percentage of total pension liability                           | 61.80 %                         | 74.90 %      | 67.00 %      | 64.52 %      | 57.01 %      | 43.96 %       | 43.10 %       | 59.20 %      | 62.80 %      | 64.10 %      |

The amounts presented for each fiscal year were determined as of December 31.

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

## Littleton Academy

### Required Supplementary Information Schedule of Pension Contributions Colorado Public Employees' Retirement Association

|   | <b>Last Ten Fiscal Years<br/>Years Ended June 30</b> |                     |                     |                     |                     |                     |                     |                     |                     |                     |
|---|--|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
|   | 2023   | 2022                | 2021                | 2020                | 2019                | 2018                | 2017                | 2016                | 2015                | 2014                |
| Statutorily required contribution                                     | \$ 541,014   | \$ 508,909          | \$ 469,531          | \$ 425,404          | \$ 385,441          | \$ 352,964          | \$ 322,583          | \$ 303,083          | \$ 282,872          | \$ 258,669          |
| Contributions in relation to the<br>statutorily required contribution | 541,014  | 508,909             | 469,531             | 425,404             | 385,441             | 352,964             | 322,583             | 303,083             | 282,872             | 258,669             |
| <b>Contribution Excess</b>  | <b>\$ -</b>  | <b>\$ -</b>         | <b>\$ -</b>         | <b>\$ -</b>         | <b>\$ -</b>         | <b>\$ -</b>         | <b>\$ -</b>         | <b>\$ -</b>         | <b>\$ -</b>         | <b>\$ -</b>         |
| <b>School's Covered Payroll</b>                                       | <b>\$ 2,686,717</b>                                  | <b>\$ 2,456,898</b> | <b>\$ 2,361,824</b> | <b>\$ 2,194,533</b> | <b>\$ 2,014,849</b> | <b>\$ 1,869,045</b> | <b>\$ 1,754,796</b> | <b>\$ 1,708,419</b> | <b>\$ 1,675,207</b> | <b>\$ 1,618,188</b> |
| <b>Contributions as a Percentage<br/>of Covered Payroll</b>           | 20.14 %  | 20.71 %             | 19.88 %             | 19.38 %             | 19.13 %             | 18.88 %             | 18.38 %             | 17.74 %             | 16.89 %             | 15.99 %             |



## Littleton Academy

### Required Supplementary Information Schedule of the School's Proportionate Share of the Net OPEB Liability Colorado Public Employees' Retirement Association

|  | <b>Last Six Plan Years</b>      |              |              |              |              |              |
|--|---------------------------------|--------------|--------------|--------------|--------------|--------------|
|  | <b>Plan Years Ended June 30</b> |              |              |              |              |              |
|  | 2022                            | 2021         | 2020         | 2019         | 2018         | 2017         |
| School's proportion of the net OPEB liability  | 0.02648 %                       | 0.02467 %    | 0.02476 %    | 0.02382 %    | 0.02291 %    | 0.02180 %    |
| School's proportionate share of the net OPEB liability   | \$ 216,173                      | \$ 221,314   | \$ 235,319   | \$ 267,726   | \$ 311,668   | \$ 282,998   |
| School's covered-employee payroll  | \$ 2,847,304                    | \$ 2,559,903 | \$ 2,520,746 | \$ 2,126,845 | \$ 1,938,686 | \$ 1,769,791 |
| School's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll | 7.59 %                          | 8.65 %       | 9.34 %       | 12.59 %      | 16.08 %      | 15.99 %      |
| Plan fiduciary net position as a percentage of total OPEB liability                                    | 38.57 %                         | 39.40 %      | 32.78 %      | 24.49 %      | 17.03 %      | 17.53 %      |

The amounts presented for each fiscal year were determined as of December 31. Prior year amounts have been updated to reflect covered payroll as of December 31.

This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend is compiled, information will be presented for the years available.

## Littleton Academy

### Required Supplementary Information Schedule of OPEB Contributions Colorado Public Employees' Retirement Association

|  | <b>Last Six Fiscal Years<br/>Years Ended June 30</b> |                     |                     |                     |                     |                     |
|--|--|---------------------|---------------------|---------------------|---------------------|---------------------|
|  | 2023   | 2022                | 2021                | 2020                | 2019                | 2018                |
| Statutorily required contribution                                  | \$ 27,404  | \$ 25,060           | \$ 24,091           | \$ 22,384           | \$ 20,551           | \$ 19,064           |
| Contributions in relation to the statutorily required contribution | 27,404   | 25,060              | 24,091              | 22,384              | 20,551              | 19,064              |
| <b>Contribution Excess</b>   | <b>\$ -</b>  | <b>\$ -</b>         | <b>\$ -</b>         | <b>\$ -</b>         | <b>\$ -</b>         | <b>\$ -</b>         |
| <b>School's Covered-employee Payroll</b>                           | <b>\$ 2,686,717</b>                                  | <b>\$ 2,456,898</b> | <b>\$ 2,361,824</b> | <b>\$ 2,194,533</b> | <b>\$ 2,014,849</b> | <b>\$ 1,869,045</b> |
| <b>Contributions as a Percentage of Covered-employee Payroll</b>   | <b>1.02 %</b>  | <b>1.02 %</b>       | <b>1.02 %</b>       | <b>1.02 %</b>       | <b>1.02 %</b>       | <b>1.02 %</b>       |

***Pension Information***

**Benefit Changes**

There were no significant changes of benefit terms for each of the reported plan years ended December 31.

**Changes in Assumptions**

There were no significant changes of assumptions for each of the reported plan years ended December 31 except for the following changes as compared to each respective previous plan year ended:

- 2021 - The assumption used to value the annual increases (AI) cap benefit provision was changed from 1.25 percent to 1.00 percent.
- 2020 - The assumption used for wage inflation was lowered from 3.50 percent to 3.00 percent. Additionally, the real rate of investment return assumption was increased to 4.95 percent per year, net of investment expenses, from 4.85 percent per year. The mortality assumptions were changed utilizing the PubT-2010 tables, with generational projections using scale MP-2019.
- 2019 - The assumption used to value the AI cap benefit provisions was changed from 1.50 percent to 1.25 percent.
- 2018 - The single equivalent interest rate (SEIR) was increased from 4.78 percent to 7.25 percent to reflect the changes to the projection's valuation basis, which no longer resulted in a projected year of depletion of the fiduciary net position (FNP), thereby eliminating the need to apply the municipal bond index rate.
- 2017 - The SEIR was lowered from 5.26 percent to 4.78 percent to reflect the changes to the projection's valuation basis, a projected year of depletion of the FNP, and the resulting application of the municipal bond index rate. Additionally, the municipal bond index rate used in the determination of the SEIR changed from 3.86 percent on the prior measurement date to 3.43 percent on the measurement date.
- 2016 - The assumption for investment return was lowered from 7.50 percent to 7.25 percent. The assumption used for wage inflation was lowered from 3.90 percent to 3.50 percent. Additionally, the SEIR was lowered from 7.50 percent to 5.26 percent to reflect the changes to the projection's valuation basis, a projected year of depletion of the FNP, and the resulting application of the municipal bond index rate of 3.86 percent on the measurement date. The mortality assumptions were changed utilizing the RP-2014 tables.
- 2015 - Certain programming and methodology changes were made.

***OPEB Information***

**Benefit Changes**

There were no significant changes of benefit terms for each of the reported plan years ended December 31.

**Changes in Assumptions**

There were no significant changes of assumptions for each of the reported plan years ended December 31 except for the following changes as compared to each respective previous plan year ended:

- 2022 - The timing of the retirement decrement was adjusted to middle of year.
- 2020 - The assumption used for wage inflation was lowered from 3.50 percent to 3.00 percent. Additionally, the real rate of investment return assumption was increased to 4.95 percent per year, net of investment expenses from 4.85 percent. The mortality assumptions were changed utilizing the PubT-2010 tables, with generational projections using scale MP-2019.
- 2016 - The assumption used for investment return was lowered from 7.5 percent to 7.25 percent. Additionally, the assumption used for wage inflation was lowered from 3.90 percent to 3.50 percent. The mortality assumptions were changed utilizing the RP-2014 tables.