

NEW AMERICA SCHOOL - THORNTON

BASIC FINANCIAL STATEMENTS

June 30, 2023

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FINANCIAL SECTION



**PROSPECTIVE
BUSINESS
SOLUTIONS, LLC**
Certified Public Accountants

Auditing, Accounting, and Consulting Services for
Governments and Nonprofit Organizations

Board of Directors
New America School - Thornton
Thornton, Colorado

INDEPENDENT AUDITOR'S REPORT

Opinions

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

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of New America School – Thornton as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information, the schedules of the School's proportionate share, and the schedules of the School's contributions on pages 44-48 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

PB Solutions LLC

Littleton, Colorado
October 16, 2023

New America School - Thornton Management Discussion and Analysis

As management of New America School - Thornton (NAS-T or the School), we offer readers of New America School - Thornton's financial statements our narrative overview and analysis of the financial activities of the School for the fiscal year ended June 30, 2023.

Financial Highlights

The year ended June 30, 2023 is the nineteenth year of operations for NAS-T. As of June 30, 2023, net position increased by \$383,856 to \$(2,087,918). This balance includes the result of the implementation of regulations under the Governmental Accounting Standards Board Statement (GASB) Numbers 68 and 75. Further information about GASB 68 and 75 is provided in Notes 7 and 8 of the financial statements.

The operations of the School are funded primarily by tax revenue received under the Colorado School Finance Act in Per Pupil Revenue. Such revenue for the year was \$2,172,860. At the close of the fiscal year, New America School - Thornton's governmental funds reported an ending fund balance of \$1,360,156, an increase of \$191,568 from the prior year.

Overview of Financial Statements

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

Government-Wide Financial Statements

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

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

The statement of activities presents information showing how the School's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected grant expenses and earned but unpaid salary and benefits).

The government-wide statement of activities distinguishes functions/programs of the School supported primarily by Per Pupil Revenue or other revenues passed through from the authorizer (Adams County School District No. 12). The governmental activities of the School include instruction and supporting services.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School, like other governmental units or schools, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The School has two governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the School’s near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the School’s near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The School adopts annually appropriated budgets for the General Fund. A budgetary comparison schedule for the General Fund has been provided herein.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. This information is provided on pages 7-43.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of the School's financial position. In the case of New America School - Thornton, liabilities and deferred inflows exceeded assets and deferred outflows resulting in a net position of \$(2,087,918) in FY 2022-2023. Again, the net position includes amounts directly related to the Pension Plan and the Defined Benefit Other Post Employment Benefit (OPEB) liabilities reporting requirements under GASB 68 and 75. Of the School's total net position, \$77,000 is restricted to comply with Article X, Section 20 of the Colorado Constitution, known as the TABOR Amendment, \$415,567 is invested in capital assets, and \$525,154 is restricted for debt service. Accordingly, these funds are not available to satisfy the School's general operating expenses.

**New America School - Thornton's Net Position
Governmental Activities**

	June 30, 2023	June 30, 2022
ASSETS		
Cash and Investments	\$ 774,491	\$ 845,378
Restricted Cash and Investments	525,154	237,902
Due from District	144,401	50,440
Due from CSI	84,790	-
Due from New America Schools	-	187,028
Accounts Receivable	18,122	-
Prepaid Expenses	9,871	9,298
Capital Assets, Net of Accum Depreciation	5,335,983	5,477,490
Total Assets	6,892,812	6,807,536
DEFERRED OUTFLOWS OF RESOURCES		
Related to Pensions	775,694	962,459
Related to OPEB	23,378	22,280
Total Deferred Outflows of Resources	799,072	984,739
LIABILITIES		
Accounts Payable	27,492	-
Due to New America Schools	-	7,868
Accrued Salaries and Benefits	91,628	82,176
Unearned Revenue	77,553	71,414
Noncurrent Liabilities		
Due Within One Year	170,179	163,515
Due in More Than One Year	5,275,391	5,443,199
Net Pension Liability	2,882,751	2,673,936
Net OPEB Liability	98,287	129,366
Total Liabilities	8,623,281	8,571,474
DEFERRED INFLOWS OF RESOURCES		
Related to Pensions	1,080,975	1,629,088
Related to OPEB	75,546	63,487
Total Deferred Inflows of Resources	1,156,521	1,692,575
NET POSITION		
Net Investment in Capital Assets	415,567	108,678
Restricted for Emergencies	77,000	102,201
Restricted for Debt Service	525,154	237,902
Unrestricted	(3,105,639)	(2,920,555)
Total Net Position	\$ (2,087,918)	\$ (2,471,774)

The largest portion of the School's assets is in capital assets, at 77% of total assets in 2023.

**New America School - Thornton's Change in Net Position
Governmental Activities**

	June 30, 2023	June 30, 2022
Program Revenue:		
Charges for Services	\$ -	\$ 1,003
Operating Grants and Contributions	787,097	852,481
Capital Grants and Contributions	82,847	67,882
Total Program Revenue	869,944	921,366
General Revenue:		
Per Pupil Revenue	2,172,860	2,049,524
Mill Levy Override	376,166	357,500
Interest	-	-
Other	41,797	22,701
Total General Revenue	2,590,823	2,429,725
Total Revenue	3,460,767	3,351,091
Expenses:		
Instructional	1,302,259	576,488
Supporting Services	1,527,979	1,255,092
Interest and Fiscal Charges	246,673	253,674
Total Expenses	3,076,911	2,085,254
Increase/(Decrease) in Net Position	383,856	1,265,837
Net Position, Beginning	(2,471,774)	(3,737,611)
Net Position, Ending	\$ (2,087,918)	\$ (2,471,774)

The largest portion of the School's revenues came from Per Pupil Revenue – 63% in 2023.

Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, the School's General Fund reported an ending fund balance of \$835,002, a decrease of \$95,684 from prior year. As of the end of the current fiscal year, the School's Building Corporation reported an ending fund balance of \$525,154, an

increase of \$287,252 from prior year. This fund records the activity of the New America School Building Corporation (the Building Corporation). The Building Corporation was formed to provide a mechanism to issue and pay debt on behalf of the School.

General Fund Budgetary Highlights

The School approves a General Fund budget in May based on enrollment projections for the school year. In October, after enrollment stabilizes, adjustments are made to the budget. At year-end, the School had some variances between its final budgeted and actual activities. Overall, the School recognized \$65,740 more revenue than expected and spent \$127,553 less than planned, when compared to the final budget. One budget amendment was made during FY 2022-2023.

Right-to-Use Assets

The Governmental Accounting Standards Board (GASB) has recently issued two standards that affect the accounting for right to use assets:

GASB 87 requires that multi-year leases, regardless of whether they are considered operating or capital leases under previous accounting standards, be capitalized. Charter schools now must recognize right-to-use assets and corresponding lease liabilities for all qualifying leases.

GASB 96 requires that multi-year software licenses, or subscription-based information technology arrangements (SBITAs), be capitalized. Charter schools now must recognize right-to-use assets and corresponding SBITA liabilities for all qualifying agreements.

The School has no right-to-use assets.

Other Capital Assets & Long-Term Debt

The School has invested in capital assets for the School's building and equipment put in place to support the School's technology infrastructure. More information regarding capital assets may be found in Note 4 to the financial statements. Depreciation expenses for capital assets are booked under the supporting services program of the School's operations.

The School has long-term debt in the form of 2018 Charter School Revenue Bonds issued by the Colorado Educational and Facilities Authority (CECFA). Proceeds of bonds were used to purchase the School's building. More information regarding long-term debt may be found in Note 5 to the financial statements.

Economic Factors and Next Year's Budget

The primary factors driving the budget for New America School - Thornton are student enrollment and Per Pupil Revenue. Enrollment for the 2022-2023 school year was 229.00 funded students. This information was analyzed as part of the 2023-2024 budget which is projecting a 229.00 funded student count.

Requests for Information

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

New America School - Thornton
8978 Washington Street
Thornton, CO 80229

BASIC FINANCIAL STATEMENTS

NEW AMERICA SCHOOL - THORNTON

STATEMENT OF NET POSITION

As of June 30, 2023

	<u>GOVERNMENTAL ACTIVITIES</u>
ASSETS	
Cash and Investments	\$ 774,491
Restricted Cash and Investments	525,154
Due from District	144,401
Due from CSI	84,790
Accounts Receivable	18,122
Prepaid Expenses	9,871
Capital Assets, Depreciated, Net of Accumulated Depreciation	<u>5,335,983</u>
TOTAL ASSETS	<u>6,892,812</u>
DEFERRED OUTFLOWS OF RESOURCES	
Related to Pensions	775,694
Related to OPEB	<u>23,378</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>799,072</u>
LIABILITIES	
Accounts Payable	27,492
Accrued Salaries and Benefits	91,628
Unearned Revenues	77,553
Noncurrent Liabilities	
Due in One Year	170,179
Due in More than One Year	5,275,391
Net Pension Liability	2,882,751
Net OPEB Liability	<u>98,287</u>
TOTAL LIABILITIES	<u>8,623,281</u>
DEFERRED INFLOWS OF RESOURCES	
Related to Pensions	1,080,975
Related to OPEB	<u>75,546</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>1,156,521</u>
NET POSITION	
Net Investment in Capital Assets	415,567
Restricted for Emergencies	77,000
Restricted for Debt Service	525,154
Unrestricted	<u>(3,105,639)</u>
TOTAL NET POSITION	<u><u>\$ (2,087,918)</u></u>

The accompanying notes are an integral part of the financial statements.

NEW AMERICA SCHOOL - THORNTON

STATEMENT OF ACTIVITIES
Year Ended June 30, 2023

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES		NET (EXPENSE)	
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	REVENUE AND CHANGES IN NET POSITION
				GOVERNMENTAL ACTIVITIES	
PRIMARY GOVERNMENT					
Governmental Activities					
Instructional	\$ 1,302,259	\$ -	\$ 394,822	\$ -	\$ (907,437)
Supporting Services	1,527,979	-	392,275	82,847	(1,052,857)
Interest and Other Fiscal Charges	246,673	-	-	-	(246,673)
Total Governmental Activities	\$ 3,076,911	\$ -	\$ 787,097	\$ 82,847	(2,206,967)
GENERAL REVENUES					
					2,172,860
					376,166
					-
					41,797
					2,590,823
					CHANGE IN NET POSITION 383,856
					NET POSITION, Beginning (2,471,774)
					NET POSITION, Ending \$ (2,087,918)

The accompanying notes are an integral part of the financial statements.

NEW AMERICA SCHOOL - THORNTON

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2023

	GENERAL FUND	BUILDING CORPORATION	TOTAL GOVERNMENTAL FUNDS
ASSETS			
Cash and Investments	\$ 774,491	\$ -	\$ 774,491
Restricted Cash and Investments	-	525,154	525,154
Due from District	144,401	-	144,401
Due from CSI	84,790	-	84,790
Accounts Receivable	18,122	-	18,122
Prepaid Expenses	9,871	-	9,871
TOTAL ASSETS	\$ 1,031,675	\$ 525,154	\$ 1,556,829
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts Payable	\$ 27,492	\$ -	\$ 27,492
Accrued Salaries	91,628	-	91,628
Unearned Revenue	77,553	-	77,553
TOTAL LIABILITIES	196,673	-	196,673
FUND BALANCES			
Nonspendable	9,871	-	9,871
Restricted for Emergencies	77,000	-	77,000
Restricted for Debt Service	-	525,154	525,154
Unassigned	748,131	-	748,131
TOTAL FUND BALANCES	835,002	525,154	1,360,156
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,031,675	\$ 525,154	\$ 1,556,829

The accompanying notes are an integral part of the financial statements.

NEW AMERICA SCHOOL - THORNTON

RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
Year Ended June 30, 2023

Amounts reported for governmental activities in the statement of net position are different because:

Total fund balances of governmental funds		\$ 1,360,156
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds.		
Capital Assets, depreciated	6,145,294	
Accumulated Depreciation	<u>(809,311)</u>	5,335,983
Long-term liabilities and related assets are not due and payable in the current period and, therefore, are not reported in the funds.		
Bonds Payable	(5,445,570)	
Net Pension Liability	(2,882,751)	
Net OPEB Liability	<u>(98,287)</u>	(8,426,608)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.		
Deferred outflows of resources - Related to Pensions	775,694	
Deferred outflows of resources - Related to OPEB	23,378	
Deferred inflows of resources - Related to Pensions	(1,080,975)	
Deferred inflows of resources - Related to OPEB	<u>(75,546)</u>	<u>(357,449)</u>
Net position of governmental activities		<u><u>\$ (2,087,918)</u></u>

The accompanying notes are an integral part of the financial statements.

NEW AMERICA SCHOOL - THORNTON

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2023

	GENERAL FUND	BUILDING CORPORATION	TOTAL GOVERNMENTAL FUNDS
REVENUES			
Local Sources	\$ 2,590,823	\$ 408,106	\$ 2,998,929
State Sources	450,519	-	450,519
Federal Sources	320,639	-	320,639
	<u>3,361,981</u>	<u>408,106</u>	<u>3,770,087</u>
TOTAL REVENUES			
EXPENDITURES			
Current			
Instruction	1,355,442	-	1,355,442
Supporting Services	1,815,246	14	1,815,260
Debt Service			
Principal	-	161,144	161,144
Interest	-	246,673	246,673
	<u>3,170,688</u>	<u>407,831</u>	<u>3,578,519</u>
TOTAL EXPENDITURES			
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>191,293</u>	<u>275</u>	<u>191,568</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	-	286,977	286,977
Transfers Out	(286,977)	-	(286,977)
	<u>(286,977)</u>	<u>286,977</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)			
NET CHANGE IN FUND BALANCES	(95,684)	287,252	191,568
FUND BALANCES, Beginning	<u>930,686</u>	<u>237,902</u>	<u>1,168,588</u>
FUND BALANCES, Ending	<u>\$ 835,002</u>	<u>\$ 525,154</u>	<u>\$ 1,360,156</u>

The accompanying notes are an integral part of the financial statements.

NEW AMERICA SCHOOL - THORNTON

RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2023

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds		\$	191,568
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expense in the statement of activities.			
Capital Outlay	23,806		
Depreciation	<u>(165,313)</u>	(141,507)	
Some expenses reported in the statement of activities do not require current financial resources and are not reported in the funds.			
Bond Principal Payments		161,144	
Deferred Charges related to pensions and OPEB are not recognized in the governmental funds. However, for the government-wide statements those amounts are capitalized and amortized.			
Deferred charges related to Pension Plan	152,533		
Deferred charges related to OPEB	<u>20,118</u>	<u>172,651</u>	
Change in net position of governmental activities		\$	<u>383,856</u>

The accompanying notes are an integral part of the financial statements.

NEW AMERICA SCHOOL - THORNTON

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The New America School - Thornton (the "School") was formed pursuant to the Colorado Charter Schools Act to form and operate a charter school. The School receives its State Funding from Adams County School District No. 12 (the "District").

The accounting policies of the School conform with generally accepted accounting principles as applicable to governmental entities. The Government Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and reporting principles. Following is a summary of the more significant policies:

Reporting Entity

The definition of the reporting entity is based primarily on financial accountability. The financial reporting entity consists of the School and organizations for which the School is financially accountable. It is also financially accountable for legally separate organizations if the School's officials appoint a voting majority for the organization's governing body and either it is able to impose its will on the organization, or if the organization provides benefits to, or imposes financial burdens on the School. The School may also be financially accountable for organizations that are fiscally dependent upon it.

Based on the application of this criteria, the following organization is included in the School's reporting entity:

New America School Building Corporation

The New America School Building Corporation (the "Building Corporation") was formed to support and assist the School to perform its function and to carry out its purpose, specifically to assist in the financing and construction of the School's facilities. The Building Corporation is blended into the School's financial statements as a special revenue fund. Separate financial statements are not available for the Building Corporation.

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 School. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by intergovernmental revenues, are reported in a single column.

NEW AMERICA SCHOOL - THORNTON

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide and Fund Financial Statements

The statement of net position reports all financial, capital and debt resources of the School. The difference between the assets plus deferred outflows of resources and liabilities and deferred inflows of resources of the School is reported as net position.

The statement of activities demonstrates the degree to which the direct expenses of the given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to students or other customers who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Unrestricted intergovernmental revenue and other items not properly included among program revenues are reported instead as general revenues.

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the School considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Intergovernmental revenues, grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the School.

NEW AMERICA SCHOOL - THORNTON

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due.

When both restricted and unrestricted resources are available for use, it is the School's practice to use restricted resources first, then unrestricted resources as they are needed.

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

The *General Fund* is the School's primary operating fund. It accounts for all financial resources of the School, except those required to be accounted for in another fund.

The *Building Corporation* accounts for the activities of the Building Corporation.

Assets, Liabilities, and Fund Balance/Net Position

Deposits and Investments – For purposes of the statement of cash flows, the School considers cash and cash equivalents to be all demand deposits as well as short-term investments with a maturity date of three months or less. Investments are stated at fair value.

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

Prepaid Expenses – Payments made to vendors for services that will benefit future periods are recorded as prepaid expenses. An expenditure is reported in the year in which the services are consumed.

Capital Assets – Capital assets, which include property and equipment, are reported in the applicable governmental or business-type activities columns 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. Donated capital assets are recorded at estimated acquisition value at the date of donation.

NEW AMERICA SCHOOL - THORNTON

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Depreciation of exhaustible capital assets is charged as an expense against operations, and accumulated depreciation is reported on the statement of net position in the government-wide financial statements. Depreciation was recorded over the following useful lives:

Building – 40 years
Equipment – 5 years

Unearned Revenues – The deferred revenues include amounts received but not yet available for expenditure.

Accrued Salaries and Benefits – Salaries and retirement benefits of certain contractually employed personnel are paid over a twelve-month period from August to July but are earned during a school year of approximately nine to ten months. The salaries and benefits earned, but unpaid, as of June 30, 2023, were \$91,628. The accrued compensation is reported as a liability in the General Fund.

Deferred Outflows of Resources - In addition to assets, the statement of financial position and balance sheets will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflow of resources, represents a consumption of net position and fund balance that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

Deferred Inflows of Resources - In addition to liabilities, the statement of financial position and balance sheets will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflow of resources, represents an acquisition of net position and fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Long-Term Debt – In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method.

NEW AMERICA SCHOOL - THORNTON

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as current expenditures.

Compensated Absences – The School’s policy allows employees to accumulate vacation time depending on their employee status and years of service. Employee also accrue sick leave up to a maximum of 48 hours. Employees who resign or terminate employment will be paid for their unused paid time off, capped at the employee’s annual earnings rate. At June 30, 2023, no liability has been accrued for these compensated absences due to immateriality.

Net Position– The government-wide and business-type fund financial statements utilize a net position presentation. Net position is categorized as investment in capital assets, restricted, and unrestricted.

Investment in Capital Assets is intended to reflect the portion of net position which are associated with non-liquid, capital assets less outstanding capital asset related debt. The net related debt is the debt less the outstanding liquid assets and any associated unamortized cost.

Restricted Net Position are liquid assets, which have third party limitations on their use.

Unrestricted Net Position represents assets that do not have any third-party limitation on their use. While School management may have categorized and segmented portions for various purposes, the School Board has the unrestricted right to revisit or alter these managerial decisions.

Fund Balance Classification – The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the School is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

NEW AMERICA SCHOOL - THORNTON

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

- Nonspendable – This classification includes amounts that cannot be spent either because they are not in a spendable form or because they are legally or contractually required to be maintained intact. The School reports prepaid expenses as nonspendable at June 30, 2023.
- Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The School has classified Emergency Reserves as being restricted because their use is restricted by State Statute for declared emergencies. The School also reports the fund balance of the Building Corporation as restricted for debt service requirements.
- Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Directors. These amounts cannot be used for any other purpose unless the Board of Directors removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The School did not have any committed resources as of June 30, 2023.
- Assigned – This classification includes spendable fund balance amounts that are intended to be used for a specific purpose that are neither considered restricted nor committed. The School did not have any assigned resources as of June 30, 2023.
- Unassigned – This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

The School would typically use Restricted fund balances first, followed by Committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned fund balance.

NEW AMERICA SCHOOL - THORNTON

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

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 purchases commercial insurance for these risks of loss. Settled claims have not exceeded this coverage in the last three years.

Income Taxes

The School is a tax-exempt entity under section 501 (c) 3 of the US Internal Revenue Code. The School's tax filings are subject to audit by various taxing authorities. The School believes it has no significant uncertain tax provisions for the year ended June 30, 2023.

Subsequent Events

The School has evaluated events subsequent to the year ended June 30, 2023 through October 16, 2023, the date these financial statements were issued, and has incorporated any required recognition into these financial statements.

NOTE 2: **STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

Budgets

A budget is adopted for the General Fund on a basis consistent with generally accepted accounting principles. Management submits to the Board of Directors a proposed budget for the fiscal year commencing July 1. The budget is adopted by the Board of Directors prior to June 30. Expenditures may not legally exceed appropriations at the fund level. Revisions to the budget must be approved by the Board of Directors. The budget includes proposed expenditures and the means of financing them. All annual appropriations lapse at fiscal year-end.

NEW AMERICA SCHOOL - THORNTON

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

NOTE 3: CASH AND INVESTMENTS

At June 30, 2023 cash and investments consist of the following:

Deposits	\$ 1,265,365
Investments	<u>34,280</u>
Total	<u>\$ 1,299,645</u>

The above amounts are classified in the statement of net position as follows:

Cash and Investments - Unrestricted	\$ 774,491
Cash and Investments - Restricted	<u>525,154</u>
	<u>\$ 1,299,645</u>

Deposits

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. At June 30, 2023, State regulatory commissioners have indicated that all financial institutions holding deposits for the School are eligible public depositories. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. PDPA allows the financial institution to create a single collateral pool for all public funds held.

The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits.

At June 30, 2023, the School had deposits with financial institutions with a carrying amount of \$1,265,365. The bank balances with the financial institutions were \$1,284,558. Of these balances, \$250,000 was covered by federal depository insurance and \$1,034,558 was covered by collateral held by authorized escrow agents in the financial institutions name (PDPA).

NEW AMERICA SCHOOL - THORNTON

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

NOTE 3: CASH AND INVESTMENTS (Continued)

Investments

Custodial Risk

The School has no policy regarding custodial credit risk for deposits.

Interest Rate Risk

The School does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

Colorado statutes specify in which instruments the units of local government may invest which includes:

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

The School does not have a formal investment policy to limit credit risk. However, the School follows state statutes regarding investments.

Local Government Investment Pools

The School has invested \$34,280 in the Colorado Government Liquid Asset Trust (ColoTrust) an investment vehicle established for local government entities in Colorado pursuant to Title 24, Article 75, Part 7 of the Colorado Revised Statutes, to pool surplus funds for investment purposes. The State Securities Commissioner administers and enforces the requirements of creating and operating the Pools. The Trust operates similar to a money market fund and each share is equal in value to \$1.00. ColoTrust is an external investment pool that records its investments at fair value.

NEW AMERICA SCHOOL - THORNTON

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

NOTE 3: CASH AND INVESTMENTS (Continued)

Local Government Investment Pools (Continued)

The School records its investment in ColoTrust using the net asset value method. ColoTrust is rated AAAM by Standard and Poor's. There are no unfunded commitments, the redemption frequency is daily, and there is no redemption notice period.

Restricted Cash and Investments

Cash and Investments in the amount of \$525,154 are restricted in the Building Corporation for debt service.

NOTE 4: CAPITAL ASSETS

Capital Asset activity for the year ended June 30, 2023 is summarized below:

	Balance 6/30/2022	Additions	Deletions	Balance 6/30/2023
Governmental Activities				
Capital Asset, Being Depreciated				
Building	6,044,671	-	-	6,044,671
Equipment	76,817	23,806	-	100,623
Total Capital Assets, Being Depreciated	6,121,488	23,806	-	6,145,294
Accumulated Depreciation				
Building	604,468	151,117	-	755,585
Equipment	39,530	14,196	-	53,726
Total Depreciation	643,998	165,313	-	809,311
Total Capital Assets, Being Depreciated, Net	5,477,490	(141,507)	-	5,335,983
Net Capital Assets	<u>\$ 5,477,490</u>	<u>\$ (141,507)</u>	<u>\$ -</u>	<u>\$ 5,335,983</u>

Depreciation has been charged to the Supporting Services program of the School.

NEW AMERICA SCHOOL - THORNTON

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

NOTE 5: LONG-TERM DEBT

The following is a summary of the School's long-term debt transactions for the year ended June 30, 2023:

	Balance 6/30/2022	Addition	Deletion	Balance 6/30/2023	Due In One Year
2018 Bonds	\$ 5,606,714	\$ -	\$ 161,144	\$ 5,445,570	\$ 170,179
Net Pension Liability	2,673,936	208,815	-	2,882,751	-
Net OPEB Liability	129,366	-	31,079	98,287	-
Total	\$ 8,410,016	\$ 208,815	\$ 192,223	\$ 8,426,608	\$ 170,179

Series 2018 Bonds

In October 2018, the Colorado Educational and Facilities Authority (CECFA) issued \$6,150,000 in Charter School Revenue Bonds, Series 2018. Proceeds of the bonds were used to purchase the School's educational facility. The School is required to make lease payments to the Building Corporation for the use of the building. The Building Corporation is required to make equal lease payments to the trustee for payment of the bonds. Interest accrues at a rate of 4.41 percent per annum. Principal and interest payments are due monthly beginning in November 2018 through September 2028. A balloon payment in the amount of \$4,470,789 is due in October 2028.

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 170,179	\$ 237,615	\$ 407,794
2025	176,095	231,699	407,794
2026	184,131	223,663	407,794
2027	192,500	215,294	407,794
2028	200,694	207,100	407,794
2029	4,521,971	66,648	4,588,619
Total	\$ 5,445,570	\$ 1,182,019	\$ 6,627,589

NEW AMERICA SCHOOL - THORNTON

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

NOTE 5: LONG-TERM DEBT (Continued)

Debt Reserve Fund

Beginning in July 2019, the School is required to deposit \$8,496 into a reserve fund until that fund reaches a total amount of \$203,897. The School has made monthly deposits through June 2022 in order to meet this requirement. The School made an additional deposit to the reserve fund in the amount of \$286,977 in July 2022. At June 30, 2023 a reserve in the amount of \$490,874 is included in the restricted cash and investment balance in the Building Corporation.

NOTE 6: INTERFUND BALANCES AND TRANSFERS

During the year ended June 30, 2023, the General Fund transferred \$286,977 to the Building Corporation to fund the Corporation's debt reserve.

NOTE 7: DEFINED BENEFIT PENSION PLAN

Summary of Significant Accounting Policies

Pensions. 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.

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.

NEW AMERICA SCHOOL - THORNTON

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

NOTE 7: DEFINED BENEFIT PENSION PLAN (Continued)

General Information about the Pension Plan (Continued)

Benefits provided as of December 31, 2022. PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. § 24-51-602, 604, 1713, and 1714.

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

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

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

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

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

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

NEW AMERICA SCHOOL - THORNTON

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

NOTE 7: DEFINED BENEFIT PENSION PLAN (Continued)

General Information about the Pension Plan (Continued)

Upon meeting certain criteria, benefit recipients who elect to receive a lifetime retirement benefit generally receive post-retirement cost-of-living adjustments, referred to as annual increases in the C.R.S. Subject to the automatic adjustment provision (AAP) under C.R.S. § 24-51-413, eligible benefit recipients 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% unless adjusted by the AAP. Eligible benefit recipients under the PERA benefit structure who began membership on or after January 1, 2007, will receive the lesser of an annual increase of the 1.00% AI cap or the average increase of the Consumer Price Index for Urban Wage Earners and Clerical Workers for the prior calendar year, not to exceed a determined increase that would exhaust 10% of PERA's Annual Increase Reserve (AIR) for the SCHDTF. The AAP may raise or lower the aforementioned AI cap by up to 0.25% based on the parameters specified in C.R.S. § 24-51-413.

Disability benefits are available for eligible employees once they reach five years of earned service credit and are determined to meet the definition of 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.

Contributions provisions as of June 30, 2023: 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 11.00% of their PERA-includable salary during the period of July 1, 2022 through June 30, 2023. Employer contribution requirements are summarized in the table below:

NEW AMERICA SCHOOL - THORNTON

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

NOTE 7: DEFINED BENEFIT PENSION PLAN (Continued)

General Information about the Pension Plan (Continued)

	July 1, 2022 Through June 30, 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	5.50%
Total employer contribution rate to the SCHDTF	20.38%

**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 \$237,056 for the year ended June 30, 2023.

For purposes 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 a \$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 June 2, 2023, requires an additional direct distribution of approximately \$14.5 million (actual dollars), for a total of approximately \$49.5 million (actual dollars) to be contributed July 1, 2023.

NEW AMERICA SCHOOL - THORNTON

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

NOTE 7: DEFINED BENEFIT PENSION PLAN (Continued)

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's 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.

At June 30, 2023, the School reported a liability of \$2,882,751 for its proportionate share of the net pension liability that reflected an increase for support from the State as a nonemployer contributing entity. The amount recognized by the 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 the School were as follows:

School's proportionate share of the net pension liability	\$2,882,751
The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the School	840,063
Total	\$3,722,814

At December 31, 2022, the School's proportion was 0.0158%, which was a decrease of 0.0071% from its proportion measured as of December 31, 2021.

NEW AMERICA SCHOOL - THORNTON

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

NOTE 7: DEFINED BENEFIT PENSION PLAN (Continued)

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

For the year ended June 30, 2023, the School recognized pension expense of \$254,944 and revenue of \$71,636 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:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$27,282	\$-
Changes of assumptions or other inputs	51,063	-
Net difference between projected and actual earnings on pension plan investments	387,260	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	194,419	1,080,975
Contributions subsequent to the measurement date	115,670	N/A
Total	\$775,694	\$1,080,975

\$115,670 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 ended 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:

Year ended June 30,	
2024	(\$343,777)
2025	(334,795)
2026	32,370
2027	225,251

NEW AMERICA SCHOOL - THORNTON

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

NOTE 7: DEFINED BENEFIT PENSION PLAN (Continued)

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

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

Actuarial cost method	Entry age
Price inflation	2.30%
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 ¹	Financed by the AIR

¹ Post-retirement benefit increases are provided by the AIR, accounted separately within each Division Trust Fund, and 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 non-disabled mortality assumptions were based upon the PubT-2010 Healthy Retiree Table, adjusted as follows:

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

NEW AMERICA SCHOOL - THORNTON

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

NOTE 7: DEFINED BENEFIT PENSION PLAN (Continued)

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

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

- **Males:** 97% of the rates for all ages, with generational projection using scale MP-2019.
- **Females:** 105% of the rates for all ages, with generational projection using scale MP-2019. Disabled mortality assumptions were based upon the PubNS-2010 Disabled Retiree Table using 99% of the rates for all ages with generational projection using scale MP-2019.

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

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

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

NEW AMERICA SCHOOL - THORNTON

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

NOTE 7: DEFINED BENEFIT PENSION PLAN (Continued)

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

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

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

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

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00%.
- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the scheduled increases in 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%, at which point the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions reflect reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by

NEW AMERICA SCHOOL - THORNTON

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

NOTE 7: DEFINED BENEFIT PENSION PLAN (Continued)

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

- the estimated amount of total service costs for future plan members not financed by their member contributions.
- As specified in law, the State, as a nonemployer contributing entity, will provide an annual direct distribution of \$225 million (actual dollars), commencing July 1, 2018, that is proportioned between the State, School, Judicial, and DPS Division Trust Funds based upon the covered payroll of each Division. The annual direct distribution ceases when all Division Trust Funds are fully funded.
- HB 22-1029, effective upon enactment in 2022, required the State treasurer to issue, in addition to the regularly scheduled \$225 million (actual dollars) direct distribution, a warrant to PERA in the amount of \$380 million (actual dollars). The July 1, 2023, direct distribution is reduced by \$190 million (actual dollars) to \$35 million (actual dollars). The July 1, 2024, direct distribution will not be reduced from \$225 million (actual dollars) due to PERA's negative investment return in 2022.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- 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% 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%. There was no change in the discount rate from the prior measurement date.

NEW AMERICA SCHOOL - THORNTON

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

NOTE 7: DEFINED BENEFIT PENSION PLAN (Continued)

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

Sensitivity of the 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%, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension	\$3,772,530	\$2,882,751	\$2,139,695

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.

NOTE 8: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN

Summary of Significant Accounting Policies

OPEB. 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 ("PERA"). The net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, information about the fiduciary net position (FNP) and additions to/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.

NEW AMERICA SCHOOL - THORNTON

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

NOTE 8: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

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 (C.R.S.), as amended, and sets forth a framework that grants authority to the PERA Board to contract, self-insure, and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of the premium subsidies. Colorado State law provisions may be amended by the Colorado General Assembly. PERA issues a publicly available annual comprehensive financial report (ACFR) that can be obtained at www.copera.org/investments/pera-financial-reports.

Benefits provided. The 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.

NEW AMERICA SCHOOL - THORNTON

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

NOTE 8: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

General Information about the OPEB Plan (Continued)

PERA Benefit Structure

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

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

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% 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 the School were \$11,864 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 \$98,287 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

NEW AMERICA SCHOOL - THORNTON

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

NOTE 8: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

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

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 0.0120%, which was a decrease of 0.0030% from its proportion measured as of December 31, 2021.

For the year ended June 30, 2023, the School recognized OPEB expense of (\$8,253). At June 30, 2023, the School reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$13	\$23,769
Changes of assumptions or other inputs	1,580	10,848
Net difference between projected and actual earnings on OPEB plan investments	6,003	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	9,993	40,929
Contributions subsequent to the measurement date	5,789	N/A
Total	\$23,378	\$75,546

\$5,789 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 ended 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:

NEW AMERICA SCHOOL - THORNTON

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

NOTE 8: **DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN** (Continued)

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

Year ended June 30,	
2024	(\$17,421)
2025	(14,054)
2026	(8,443)
2027	(7,805)
2028	(8,347)
Thereafter	(1,887)

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NEW AMERICA SCHOOL - THORNTON

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

NOTE 8: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

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

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

	State Division	School Division	Local Government Division	Judicial Division
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	3.30%-10.90%	3.40%-11.00%	3.20%-11.30%	2.80%-5.30%
State Troopers	3.20%-12.40%	N/A	3.20%-12.40%	N/A
Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation			7.25%	
Discount rate			7.25%	
Health care cost trend rates				
PERA benefit structure:				
Service-based premium subsidy			0.00%	
PERACare Medicare plans			6.50% in 2022, gradually decreasing to 4.50% in 2030	
Medicare Part A premiums			3.75% in 2022, gradually increasing to 4.50% in 2029	
DPS benefit structure:				
Service-based premium subsidy			0.00%	
PERACare Medicare plans			N/A	
Medicare Part A premiums			N/A	

NEW AMERICA SCHOOL - THORNTON

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

NOTE 8: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

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

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, and therefore no disaffiliation dollars were reflected in the FNP as of the December 31, 2022, measurement date.

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

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	0.0%	0.0%

NEW AMERICA SCHOOL - THORNTON

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

NOTE 8: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

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

Sample Age	MAPD PPO #1 with Medicare Part A		MAPD PPO #2 with Medicare Part A		MAPD HMO (Kaiser) with Medicare Part A	
	Retiree/Spouse		Retiree/Spouse		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		MAPD PPO #2 without Medicare Part A		MAPD HMO (Kaiser) without Medicare Part A	
	Retiree/Spouse		Retiree/Spouse		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.

NEW AMERICA SCHOOL - THORNTON

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

NOTE 8: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (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 Medicare Plans	Medicare Part A Premiums
2022	6.50%	3.75%
2023	6.25%	4.00%
2024	6.00%	4.00%
2025	5.75%	4.00%
2026	5.50%	4.25%
2027	5.25%	4.25%
2028	5.00%	4.25%
2029	4.75%	4.50%
2030+	4.50%	4.50%

Mortality assumptions used in the December 31, 2021, valuation for the determination of the total pension liability for 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 developed on 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.

NEW AMERICA SCHOOL - THORNTON

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

NOTE 8: **DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN** (Continued)

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

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 non-disabled 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% of the rates prior to age 80 and 90% of the rates for ages 80 and older, with generational projection using scale MP-2019.
- **Females:** 87% of the rates prior to age 80 and 107% of the rates for ages 80 and older, with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for State Troopers were based upon the unadjusted PubS-2010 Healthy Retiree Table, with generational projection using scale MP-2019.

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

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

Post-retirement non-disabled 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.

NEW AMERICA SCHOOL - THORNTON

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

NOTE 8: **DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN** (Continued)

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

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

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

Disabled mortality assumptions for members other than State Troopers were based upon the PubNS-2010 Disabled Retiree Table using 99% 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 roll-forward calculation for the HCTF:

- 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 capita health care cost. As of that date, PERACare health benefits administration is performed by UnitedHealthcare. In that transition, the costs for the Medicare Advantage Option #2 decreased to a level that is lower than the maximum possible service-related subsidy as described in the plan provisions.
- The health care cost trend rates applicable to health care premiums were revised to reflect the then current expectation of future increases in those premiums. Medicare Part A premiums continued with the prior valuation trend pattern.

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

NEW AMERICA SCHOOL - THORNTON

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

NOTE 8: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

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

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

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

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

NEW AMERICA SCHOOL - THORNTON

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

NOTE 8: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

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

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate
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%.

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 one percentage point lower or one percentage point higher than the current rates:

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Initial PERACare Medicare trend rate ¹	5.25%	6.25%	7.25%
Ultimate PERACare Medicare trend	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	\$95,505	\$98,287	\$101,314

¹For the January 1, 2023, plan year.

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

NEW AMERICA SCHOOL - THORNTON

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

NOTE 8: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

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

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2022, measurement date.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00%.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Estimated transfers of dollars into the 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% on OPEB plan investments was applied to all periods of projected benefit payments to determine the TOL. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25%. There was no change in the discount rate from the prior measurement date.

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

NEW AMERICA SCHOOL - THORNTON

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

NOTE 8: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	\$113,943	\$98,287	\$84,895

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.

NOTE 9: RELATED PARTY TRANSACTIONS

New America School – Thornton is operated by New America Schools (“NAS”), a Colorado nonprofit corporation. NAS provides certain legal, management, accounting, and advertising services to the School. The School has agreed to pay management fees to NAS for these services at a rate of 12.5% of Per Pupil Revenue and Capital Construction grant revenue. In addition, the School reimbursed NAS for a portion of administrative and payroll costs. For the year ended June 30, 2023, the School paid \$322,730 to NAS under the terms of this agreement.

At June 30, 2023, the School reports an amount of \$9,575 as due to NAS, and an amount of \$10,040 was owed to the School by NAS-Aurora.

NOTE 10: COMMITMENTS AND CONTINGENCIES

Claims and Judgments

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. As of June 30, 2023, significant amounts of grant expenditures have not been audited but the School believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the School.

NEW AMERICA SCHOOL - THORNTON

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

NOTE 10: **COMMITMENTS AND CONTINGENCIES** (Continued)

Tabor Amendment

In November 1992, Colorado voters passed an amendment to the State Constitution, Article X, Section 20 (the “Tabor Amendment”), which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local government. The Tabor Amendment is complex and subject to judicial interpretations. The School believes it has complied with the Amendment.

The School has established a reserve, representing 3% of qualifying expenditures, as required by the Amendment. At June 30, 2023, the emergency reserve of \$77,000 was reported as a restriction of net position and fund balance in the Governmental Activities and General Fund, respectively.

NOTE 11: **DEFICIT NET POSITION**

At June 30, 2023, the net position of the governmental activities is in a deficit position in the amount of \$2,087,918 due to the School including its Net Pension and Net OPEB liabilities per requirements of GASB No. 68 and No.75.

NOTE 12: **CHANGE IN ACCOUNTING PRINCIPLES**

For the year ended June 30, 2023, the School implemented Governmental Accounting Standards Board (GASB) Statement No. 96, Subscription-Based Information Technology Arrangements (SBITA). GASB 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs). For the year ended June 30, 2023, the School has evaluated its existing agreements and has determined that no changes to the School’s financial statements are deemed necessary.

REQUIRED SUPPLEMENTARY INFORMATION

NEW AMERICA SCHOOL - THORNTON

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
Year Ended June 30, 2023

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2022 ACTUAL
REVENUES					
Local Sources					
Per Pupil Revenue	2,210,175	2,163,704	\$ 2,172,860	\$ 9,156	\$ 2,049,524
Mill Levy Override	357,435	347,221	376,166	28,945	357,500
Fees & Activities	-	-	-	-	1,003
Contributions	-	-	-	-	687
Other	30,000	10,000	41,797	31,797	22,701
State Sources					
Capital Construction	70,500	68,700	82,847	14,147	67,882
PERA on Behalf Contribution	-	30,000	71,636	41,636	32,726
Grants and Donations	353,894	346,349	296,036	(50,313)	325,114
Federal Sources					
Grants and Donations	310,665	330,267	320,639	(9,628)	567,230
TOTAL REVENUES	3,332,669	3,296,241	3,361,981	65,740	3,424,367
EXPENDITURES					
Salaries	1,220,630	1,197,852	1,202,161	(4,309)	1,335,417
Employee Benefits	461,511	488,592	486,507	2,085	496,201
Purchased Services	1,284,695	1,387,139	1,324,656	62,483	1,283,380
Supplies and Materials	100,386	122,164	106,511	15,653	124,458
Property	25,000	25,000	39,348	(14,348)	4,007
Other	32,338	77,494	11,505	65,989	5,123
TOTAL EXPENDITURES	3,124,560	3,298,241	3,170,688	127,553	3,248,586
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	208,109	(2,000)	191,293	193,293	175,781
OTHER FINANCING SOURCES					
Transfer Out	-	(287,000)	(286,977)	23	856
NET CHANGE IN FUND BALANCE	208,109	(289,000)	(95,684)	193,316	176,637
FUND BALANCE, Beginning	755,196	930,686	930,686	-	754,049
FUND BALANCE, Ending	\$ 963,305	\$ 641,686	\$ 835,002	\$ 193,316	\$ 930,686

See the accompanying independent auditor's report.

NEW AMERICA SCHOOL - THORNTON

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PERA SCHOOL DIVISION TRUST FUND PENSION PLAN

Years Ended December 31,

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Proportion of the Net Pension Liability (Asset)	0.0158%	0.0230%	0.0276%	0.0221%	0.0227%	0.0280%	0.0283%	0.0280%	0.0249%	0.0260%
Proportionate Share of the Net Pension Liability (Asset)	2,882,751	2,673,936	4,175,403	3,308,406	4,013,573	9,066,796	8,416,197	4,323,401	3,370,784	3,284,503
State of Colorado Proportionate Share of the Net Pension Liability (Asset)	840,063	306,533	-	419,629	548,800	-	-	-	-	-
Total Proportionate Share of the Net Pension Liability (Asset)	3,722,814	2,980,469	4,175,403	3,728,035	4,562,373	9,066,796	8,416,197	4,323,401	3,370,784	3,284,503
Covered payroll	\$1,221,560	\$1,435,999	\$1,476,226	\$1,300,652	\$1,246,101	\$1,293,402	\$1,268,678	\$1,231,918	\$1,041,895	\$1,016,160
Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	304.8%	207.6%	282.8%	286.6%	366.1%	701.0%	663.4%	350.9%	323.5%	323.2%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	61.79%	74.86%	66.99%	64.52%	57.01%	43.96%	43.10%	59.20%	62.80%	64.10%

See the accompanying independent auditor's report.

NEW AMERICA SCHOOL - THORNTON

SCHEDULE OF THE SCHOOL'S CONTRIBUTIONS
PERA SCHOOL DIVISION TRUST FUND PENSION PLAN

Years Ended June 30,

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually Required Contributions	\$ 237,056	\$ 258,908	\$ 291,627	\$ 273,315	\$ 239,707	\$ 244,078	\$ 256,034	\$ 229,322	\$ 212,240	\$ 169,414
Contributions in Relation to the Contractually Required Contributions	237,056	258,908	291,627	273,315	239,707	244,078	256,034	229,322	212,240	169,414
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 1,163,178	\$ 1,300,131	\$ 1,466,934	\$ 1,410,291	\$ 1,253,028	\$ 1,227,174	\$ 1,319,920	\$ 1,223,440	\$ 1,184,758	\$ 998,191
Contributions as a Percentage of Covered Payroll	20.38%	19.91%	19.88%	19.38%	19.13%	19.89%	19.40%	18.74%	17.91%	16.97%

See the accompanying independent auditor's report.

NEW AMERICA SCHOOL - THORNTON

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
PERA HEALTH CARE TRUST FUND PLAN

	Years Ended December 31,						
	2022	2021	2020	2019	2018	2017	2016
Proportion of the Net OPEB Liability (Asset)	0.0120%	0.0150%	0.0160%	0.0145%	0.0147%	0.0159%	0.0160%
Proportionate Share of the Net OPEB Liability (Asset)	\$ 98,287	\$ 129,366	\$ 151,695	\$ 162,593	\$ 200,454	\$ 207,052	\$ 208,327
Covered payroll	\$1,221,560	\$1,435,999	\$1,476,226	\$1,300,652	\$1,246,101	\$1,268,678	\$1,268,678
Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	8.0%	9.0%	10.3%	12.5%	16.1%	16.3%	16.4%
Plan Fiduciary Net position as a Percentage of the Total OPEB Liability	38.57%	39.40%	32.78%	24.49%	17.03%	17.53%	16.72%

NOTE: Information for the prior three years was not available for this report.

See the accompanying independent auditor's report.

NEW AMERICA SCHOOL - THORNTON

SCHEDULE OF THE SCHOOL'S CONTRIBUTIONS
PERA HEALTH CARE TRUST FUND PLAN

Years Ended June 30,

	2023	2022	2021	2020	2019	2018	2017
Contractually Required Contributions	\$ 11,864	\$ 13,261	\$ 14,963	\$ 14,385	\$ 12,781	\$ 12,517	\$ 13,463
Contributions in Relation to the Contractually Required Contributions	11,864	13,261	14,963	14,385	12,781	12,517	13,463
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$1,163,178	\$1,300,131	\$1,466,934	\$1,410,291	\$1,253,028	\$1,227,174	\$1,319,920
Contributions as a Percentage of Covered Payroll	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%

NOTE: Information for the prior three years was not available for this report.

See the accompanying independent auditor's report.