

American Indian Academy Denver
(A Component Unit of Denver Public Schools)

Financial Statements
with Independent Auditor's Report

June 30, 2023



**HINKLE &
COMPANY**
Strategic ^{PC}
Business Advisors

American Indian Academy Denver
(A Component Unit of Denver Public Schools)
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June 30, 2023

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Business Advisors

Independent Auditor's Report

Board of Directors
American Indian Academy Denver
Denver, Colorado

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of American Indian Academy Denver, a component unit of Denver Public Schools, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise American Indian Academy Denver's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of American Indian Academy Denver, 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) and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of American Indian Academy Denver 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

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

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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 American Indian Academy Denver's ability to continue as a going concern for one year after the date that the financial statements are issued.

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 American Indian Academy Denver'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 American Indian Academy Denver's ability to continue as a going concern for a reasonable period of time.

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



Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information noted in the table of contents, such as management's discussion and analysis and budgetary comparison information listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the 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.

Hick & Company, PC

Englewood, Colorado
October 18, 2023



American Indian Academy Denver

Management's Discussion and Analysis

Fiscal Year Ending June 30, 2023

As management of American Indian Academy Denver (AIAD or the School), we offer readers of American Indian Academy Denver's basic financial statements this narrative overview and analysis of the financial activities of the School for the fiscal year ended June 30, 2023. We encourage readers to consider the information presented here in conjunction with additional information provided in the accompanying financial statements.

Financial Highlights

The year ended June 30, 2023 is the third and final year of operations for AIAD. As of June 30, 2023, net position decreased by \$109,011 to \$731,769. American Indian Academy Denver's governmental fund reported an ending fund balance of \$(150,239), a decrease of \$346,198 from the prior year.

The operations of the School are funded primarily by tax revenue received under the Colorado School Finance Act in Per Pupil Revenue (PPR). Tax revenue for the year from PPR was \$1,365,428.

Overview of Financial Statements

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

Government-Wide Financial Statements

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

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

The statement of activities presents information showing how net position changed during the year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future periods (for example, salaries and benefits earned but unpaid as of year-end).

The government-wide statement of activities distinguishes functions/programs of the School supported primarily by Per Pupil Revenue or other revenues passed through from the School's authorizer (Denver Public Schools). The governmental activities of AIAD include instruction and supporting services.

American Indian Academy Denver

Management's Discussion and Analysis

Fiscal Year Ending June 30, 2023

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School keeps track of these monies to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year.

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

The School maintains one governmental fund and adopts an annually appropriated budget for the fund. A budgetary comparison schedule is included to demonstrate that spending did not exceed the budget.

Notes to the Financial Statements

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

American Indian Academy Denver

Management's Discussion and Analysis

Fiscal Year Ending June 30, 2023

Government-Wide Financial Analysis

As noted previously, net position may serve over time as a useful indicator of the School's financial position. For the fiscal year ended June 30, 2023, AIAD's net position was \$731,769. This position includes a net pension liability in the amount of \$638,135, representing the School's proportionate share of the Denver Public Schools Division pension liability, administered by the Public Employees' Retirement Association of Colorado (PERA). The School reports this net pension liability, and associated deferred inflows and outflows of resources, as required by GASB (Governmental Accounting Standards Board) 68. The School's net position also includes a net OPEB (Other Post-Employment Benefits) liability in the amount of \$11,064, representing the School's proportionate share of the defined benefit Health Care Trust Fund, administered by PERA. The School reports this net OPEB liability, and associated deferred inflows and outflows of resources, as requirement by GASB 75. More information regarding the net pension and OPEB liabilities may be found in the notes to the financial statements.

Of the School's total net position, \$1,049,935 is invested in capital assets and \$84,200 is restricted to comply with Article X, Section 20 of the Colorado Constitution, known as the TABOR Amendment.

American Indian Academy Denver

Management's Discussion and Analysis

Fiscal Year Ending June 30, 2023

American Indian Academy Denver's Net Position

	2022-2023	2021-2022
ASSETS		
Cash	\$ 129,189	\$ 162,217
Grants Receivable	134,728	256,172
Other Receivable	102,820	113,384
Prepaid Expense	2,297	28,600
Deposits	25,000	25,000
Capital Assets, Not Depreciated	1,618,976	1,182,141
Capital Assets, Net of Accumulated Depreciation	<u>82,293</u>	<u>99,033</u>
TOTAL ASSETS	<u>2,095,303</u>	<u>1,866,547</u>
DEFERRED OUTFLOWS OF RESOURCES		
Pensions, Net of Accumulated Amortization	500,386	468,320
OPEB, Net of Accumulated Amortization	<u>33,725</u>	<u>31,569</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>534,111</u>	<u>499,889</u>
LIABILITIES		
Accounts Payable	388,540	268,661
Accrued Liabilities	60,041	26,713
Accrued Salaries and Benefits	95,692	94,040
Accrued Interest Payable	14,313	3,788
Noncurrent Liabilities		
Due within One Year	103,965	381,504
Due in More Than One Year	547,369	253,899
Net Pension Liability	638,135	4,756
Net OPEB Liability	<u>11,064</u>	<u>10,744</u>
TOTAL LIABILITIES	<u>1,859,119</u>	<u>1,044,105</u>
DEFERRED INFLOWS OF RESOURCES		
Pensions, Net of Accumulated Amortization	21,382	464,679
OPEB, Net of Accumulated Amortization	<u>17,144</u>	<u>16,872</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>38,526</u>	<u>481,551</u>
NET POSITION		
Net Investment in Capital Assets	1,049,935	645,771
Restricted for Emergencies	84,200	88,000
Unrestricted	<u>(402,366)</u>	<u>107,009</u>
TOTAL NET POSITION	<u>\$ 731,769</u>	<u>\$ 840,780</u>

American Indian Academy Denver

Management's Discussion and Analysis

Fiscal Year Ending June 30, 2023

American Indian Academy Denver's Change in Net Position

	2022-2023	2021-2022
REVENUES		
Per Pupil Revenue	\$ 1,365,428	\$ 1,376,195
Mill Levy Override	390,241	361,980
At-Risk Supplemental Aid	3,227	54,809
Operating Grants and Contributions	1,043,619	1,385,622
Capital Grants and Contributions	51,645	30,368
Grants and Contributions Not Restricted to Specific Programs	32,211	369,334
Other	356,335	(3,539)
TOTAL REVENUE	<u>3,242,706</u>	<u>3,574,769</u>
EXPENSES		
Instruction	1,139,073	1,119,437
Supporting Services	2,110,875	1,805,318
Interest on Long-Term Debt	101,769	29,877
TOTAL EXPENSES	<u>3,351,717</u>	<u>2,954,632</u>
CHANGE IN NET POSITION	(109,011)	620,137
NET POSITION, Beginning	<u>840,780</u>	<u>220,643</u>
NET POSITION, Ending	<u>\$ 731,769</u>	<u>\$ 840,780</u>

Financial Analysis of the Government's Fund

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

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

As of the end of the current fiscal year, the School's General Fund reported an ending fund balance of \$(150,239), a decrease of \$346,198 from the prior year.

American Indian Academy Denver

Management's Discussion and Analysis

Fiscal Year Ending June 30, 2023

General Fund Budgetary Highlights

AIAD recognized \$291,194 less revenue than expected and spent \$11,931 less than planned, when compared to the final budget. There were budget amendments during the year, which reflected changes in revenues and expenditures. Overall, revenue and expenses were fine-tuned to account for changes to student enrollment and funding assumptions.

Capital Assets & Long-Term Debt

The School has invested in capital assets for school building improvements in progress and equipment in support of the School's educational program. Depreciation expenses for capital assets are booked under the supporting services program of the School's operations.

More information regarding capital assets may be found in Note 3 to the financial statements.

The School has four long-term debt obligations, the proceeds of which were used to finance renovation and construction of the School's educational facility and equipment, and to support the School's cash flow in its first years of operation. More information regarding long-term liabilities may be found in Note 4 to the financial statements.

School Closure

The School board of directors voted to close the school at the end of the 2022-2023 school year and terminate its charter contract with its authorizer.

Requests for Information

This financial report is designed to provide a general overview of American Indian Academy Denver'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:

American Indian Academy Denver

1865 West Mississippi Avenue

Denver, CO 80223

Basic Financial Statements

American Indian Academy Denver
(A Component Unit of Denver Public Schools)
Statement of Net Position
June 30, 2023

	Governmental Activities
Assets	
Cash	\$ 129,189
Grants Receivable	134,728
Other Receivable	102,820
Prepaid Expense	2,297
Deposits	25,000
Capital Assets, <i>Not Depreciated</i>	1,618,976
Capital Assets, <i>Net of Accumulated Depreciation</i>	82,293
Total Assets	2,095,303
Deferred Outflows of Resources	
Pensions, <i>Net of Accumulated Amortization</i>	500,386
OPEB, <i>Net of Accumulated Amortization</i>	33,725
Total Deferred Outflows of Resources	534,111
Liabilities	
Accounts Payable	388,540
Accrued Liabilities	60,041
Accrued Salaries and Benefits	95,692
Accrued Interest Payable	14,313
Noncurrent Liabilities	
Due Within One Year	103,965
Due in More Than One Year	547,369
Net Pension Liability	638,135
Net OPEB Liability	11,064
Total Liabilities	1,859,119
Deferred Inflows of Resources	
Pensions, <i>Net of Accumulated Amortization</i>	21,382
OPEB, <i>Net of Accumulated Amortization</i>	17,144
Total Deferred Inflows of Resources	38,526
Net Position	
Net Investment in Capital Assets	1,049,935
Restricted for:	
Emergencies	84,200
Unrestricted	(402,366)
Total Net Position	\$ 731,769

American Indian Academy Denver
(A Component Unit of Denver Public Schools)
Statement of Activities
For the Year Ended June 30, 2023

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Change in Net Position
		Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government				
<i>Governmental Activities</i>				
Instruction	\$ 1,139,073	\$ 1,020,695	\$ -	\$ (118,378)
Supporting Services	2,110,875	22,924	51,645	(2,036,306)
Interest on Long-term Debt	101,769	-	-	(101,769)
	<u>\$ 3,351,717</u>	<u>\$ 1,043,619</u>	<u>\$ 51,645</u>	<u>(2,256,453)</u>
General Revenues				
				1,365,428
				390,241
				3,227
				32,211
				356,335
				2,147,442
				(109,011)
				840,780
				\$ 731,769

American Indian Academy Denver
(A Component Unit of Denver Public Schools)
 Balance Sheet
 Governmental Fund
 June 30, 2023

	General
Assets	
Cash	\$ 129,189
Grants Receivable	134,728
Other Receivable	102,820
Prepaid Expense	2,297
Deposits	25,000
Total Assets	\$ 394,034
Liabilities and Fund Balance	
<i>Liabilities</i>	
Accounts Payable	\$ 388,540
Accrued Liabilities	60,041
Accrued Salaries and Benefits	95,692
Total Liabilities	544,273
<i>Fund Balance</i>	
Nonspendable Prepaid Expenditures	2,297
Restricted for:	
Emergencies	84,200
Unrestricted, Unassigned	(236,736)
Total Fund Balance	(150,239)
Total Liabilities and Fund Balance	\$ 394,034
Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:	
Total Fund Balance of the Governmental Fund	\$ (150,239)
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds.	1,701,269
Long-term liabilities and related items are not due and payable in the current year and, therefore, are not reported in governmental funds.	
Loan Payable	(651,334)
Accrued Interest Payable	(14,313)
Net pension liability	(638,135)
Pension-related deferred outflows of resources	500,386
Pension-related deferred inflows of resources	(21,382)
Net OPEB liability	(11,064)
OPEB-related deferred outflows of resources	33,725
OPEB-related deferred inflows of resources	(17,144)
Total Net Position of Governmental Activities	\$ 731,769

See Notes to the Financial Statements.

American Indian Academy Denver
(A Component Unit of Denver Public Schools)
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Fund
For the Year Ended June 30, 2023

	General
Revenues	
Local Sources	\$ 1,386,985
State Sources	1,533,492
Federal Sources	321,243
Total Revenues	3,241,720
Expenditures	
Instruction	1,481,333
Supporting Services	2,031,272
Debt Service	
Principal	344,069
Interest	91,244
Total Expenditures	3,947,918
Excess of Revenues Over (Under) Expenditures	(706,198)
Other Financing Sources	
Loan Proceeds	360,000
Net Change in Fund Balance	(346,198)
Fund Balance, Beginning of Year	195,959
Fund Balance, End of Year	\$ (150,239)

American Indian Academy Denver
(A Component Unit of Denver Public Schools)
 Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance
 of the Governmental Fund to the Statement of Activities
 For the Year Ended June 30, 2023

**Amounts Reported for Governmental Activities in the
 Statement of Activities are Different Because:**

Net Change in Fund Balance of the Governmental Fund	\$ (346,198)
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>	
Capital Outlay	446,169
Depreciation expense	(26,074)
<p>The repayment of long-term debt principal is an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net position and does not affect the statement of activities.</p>	
Principal payments	344,069
Proceeds from issuance of loan	(360,000)
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. This includes changes in the following.</p>	
Accrued Interest Payable	(10,525)
Net pension liability	(633,379)
Pension-related deferred outflows of resources	32,066
Pension-related deferred inflows of resources	443,297
Net OPEB liability	(320)
OPEB-related deferred outflows of resources	2,156
OPEB-related deferred inflows of resources	(272)
Change in Net Position of Governmental Activities	\$ (109,011)

American Indian Academy Denver
(A Component Unit of Denver Public Schools)
Notes to Financial Statements
June 30, 2023

Note 1: Summary of Significant Accounting Policies

The American Indian Academy Denver (the Academy) operates as a school within Denver Public Schools (the District) pursuant to the Colorado Charter School Act. The Academy's charter contract terminates on June 30, 2023.

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

Reporting Entity

The financial reporting entity consists of the Academy, organizations for which the Academy is financially accountable and organizations that raise and hold economic resources for the direct benefit of the Academy. All funds, organizations, institutions, agencies, departments, and offices that are not legally separate are part of the Academy. Legally separate organizations for which the Academy is financially accountable are considered part of the reporting entity. Financial accountability exists if the Academy appoints a voting majority of the organization's governing board and is able to impose its will on the organization, or if there is a potential for the organization to provide benefits to, or impose financial burdens on, the Academy. Based upon the application of this criteria, the Academy does not include additional organizations with its reporting entity.

The Academy is a component unit of the District. The District authorized the Academy's charter and the majority of the Academy's funding is provided by the District.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all activities of the Academy. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported in a single column.

The statement of activities demonstrates the degree to which the direct expenses of the given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to students or others 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 revenues not properly included among program revenues are reported instead as general revenues.

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

American Indian Academy Denver
(A Component Unit of Denver Public Schools)
Notes to Financial Statements
June 30, 2023

Note 1: Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current year or soon enough thereafter to pay liabilities of the current year. For this purpose, the Academy considers revenues to be available if they are collected within 120 days of the end of the current year. Intergovernmental revenues, grants, and interest associated with the current year are considered to be susceptible to accrual and so have been recognized as revenues of the current year. All other revenues are considered to be measurable and available only when cash is received by the Academy. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

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

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

General Fund - This fund is the general operating fund of the Academy. It is currently used to account for all financial activities of the Academy.

Assets, Liabilities and Net Position/Fund Balance

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 - Certain payments to vendors reflect costs applicable to future years and are reported as prepaid expenses.

Capital Assets - Capital assets, which include buildings, land improvements, and equipment, are reported in the government-wide financial statements and the proprietary fund in the fund financial statements. Capital assets are defined as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the acquisition value on the date of donation.

Depreciation of exhaustible capital assets is charged as an expense against operations, and accumulated depreciation is reported in the statement of net position in the government-wide financial statements and the proprietary fund in the fund financial statements. Depreciation has been provided over the following estimated useful lives of the capital assets using the straight-line method.

American Indian Academy Denver
(A Component Unit of Denver Public Schools)
 Notes to Financial Statements
 June 30, 2023

Note 1: Summary of Significant Accounting Policies (Continued)

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

Buildings and Improvements	30 years
Land Improvements	10 - 30 years
Equipment	5 years

Accrued Salaries and Benefits - Salaries and retirement benefits of certain contractually employed personnel are paid over a twelve-month period from September to August but are earned during a school year of approximately nine to ten months. The salaries and benefits earned, but unpaid, are reported as a liability of the General Fund.

Long-Term Debt - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources.

Pensions - The Academy participates in the Denver Public Schools Division Trust Fund (DPS Division), a single-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 DPS Division 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.

OPEB - The Academy participates in the Denver Public Schools Health Care Trust Fund (DPS HCTF), a single-employer postemployment healthcare plan administered by the Public Employees' Retirement Association of Colorado (PERA). The net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, information about the fiduciary net position (FNP), and additions to and deductions from the FNP of the DPS 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.

American Indian Academy Denver
(A Component Unit of Denver Public Schools)
Notes to Financial Statements
June 30, 2023

Note 1: Summary of Significant Accounting Policies (Continued)

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

Net Position/Fund Balance - In the government-wide and fund financial statements, net position and fund balance are restricted when constraints placed on the use of resources are externally imposed. The Board of Directors is authorized to establish a fund balance commitment through passage of a resolution and may assign fund balances to a specific purpose through an informal action.

The Academy has not established a formal policy for its use of restricted and unrestricted fund balances. However, if both restricted and unrestricted fund balances are available for a specific purpose, the Academy uses restricted fund balance first, followed by committed, assigned and unassigned balances.

Risk Management

The Academy is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. The Academy carries commercial insurance for these risks of loss.

Subsequent Events

The Academy has evaluated subsequent events through October 17, 2023, the date the financial statements were available to be issued.

Note 2: Cash and Investments

Deposits

The Colorado Public Deposit Protection Act (PDPA) requires all local government entities to deposit cash in eligible public depositories. Eligibility is determined by State regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. The PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution or held in trust for all uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits.

Investments

The Academy is required to comply with State statutes which specify investment instruments meeting defined rating, maturity, and concentration risk criteria in which local governments may invest, which include the following. State statutes do not address custodial risk.

- Obligations of the United States and certain U.S. agency securities
- Certain international agency securities

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Note 2: Cash and Investments (Continued)

Investments (Continued)

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

Interest Rate Risk - State statutes generally limit the maturity of investment securities to five years from the date of purchase unless the governing board authorizes the investment for a period in excess of five years.

Credit Risk - State statutes limit certain investments to those with specified ratings from nationally recognized statistical rating organizations, depending on the type of investment.

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

The Academy had no investments at June 30, 2023.

Note 3: Capital Assets

Capital asset activity for the year ended June 30, 2023, is summarized below.

	Balance 06/30/22	Additions	Deletions	Balance 06/30/23
Governmental Activities				
Capital Assets, Not Depreciated				
Construction in Progress	\$ 1,182,141	\$ 436,835	\$ -	\$ 1,618,976
Total Capital Assets, Not Depreciated	<u>1,182,141</u>	<u>436,835</u>	<u>-</u>	<u>1,618,976</u>
Capital Assets, Being Depreciated				
Equipment	121,033	9,334	-	130,367
Total Capital Assets, Being Depreciated	<u>121,033</u>	<u>9,334</u>	<u>-</u>	<u>130,367</u>
Less Accumulated Depreciation				
Equipment	(22,000)	(26,074)	-	(48,074)
Total Accumulated Depreciation	<u>(22,000)</u>	<u>(26,074)</u>	<u>-</u>	<u>(48,074)</u>
Governmental Activities Capital Assets, Being Depreciated Net	<u>99,033</u>	<u>(16,740)</u>	<u>-</u>	<u>82,293</u>
Governmental Activities Capital Assets, Net	<u>\$ 1,281,174</u>	<u>\$ 420,095</u>	<u>\$ -</u>	<u>\$ 1,701,269</u>

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Note 3: Capital Assets (Continued)

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

Note 4: Long-Term Debt

Following is a summary of long-term debt transactions for the year ended June 30, 2023:

Government-Type Activities	Balance 06/30/22	Additions	Payments	Balance 06/30/23	Due Within One Year
2023 LISC Loan	\$ -	\$ 360,000	\$ -	\$ 360,000	\$ 2,000
2020 CFS TI LOAN	107,057	-	(48,165)	58,892	58,892
2020 CSDC Loan	278,346	-	(45,904)	232,442	43,073
2020 CFS LOC	250,000	-	(250,000)	-	-
Total	<u>\$ 635,403</u>	<u>\$ 360,000</u>	<u>\$ (344,069)</u>	<u>\$ 651,334</u>	<u>\$ 103,965</u>

In April 2020, the Academy entered into a loan agreement with Charter Facility Solutions. The Loan amount of \$250,000 was issued. Loan proceeds was to finance the purchases of equipment. Principal payment will begin 30 days following the receipt of any reimbursements payment under the Charter School Program Grant in excess of first \$100,000 received by the Academy. As of June 30, 2021, the loan has been fully paid.

In September 2020, the Academy entered into a promissory note agreement with Charter Facility Solutions. The note amount of \$250,000 was issued. The note accrue interest at 3.50%. Principal and interest payments are due monthly starting November 1, 2020 through 2023.

In September 2020, the Academy entered into a loan agreement with Charter Schools Development Corporation. The loan amount of \$350,000 was issued. Loan proceeds was to finance renovation and construction of the Academy. The loan accrue interest at 6%. Principal and interest payments are due monthly starting November 1, 2020 through 2027.

In April 2021, the Academy entered into a promissory note agreement with Charter Facility Solutions. The note amount of \$250,000 was issued. The note accrue interest at 3.50%. Principal payments will begin 30 days following the receipt of any reimbursement payment under the Charter School Program Grant in excess of first \$100,000 received by the Academy.

In October 2022, the Academy entered into a promissory note agreement with Local Initiatives Support Corporation. The note amount of \$360,000 was issued. The note accrues interest at 4%. Principal payments begin June 1, 2024, with a final balloon payment of all principal and interest due on November 1, 2027.

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Note 4: Long-Term Debt (Continued)

Future debt service requirements are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 109,627	\$ 29,372	\$ 138,999
2025	75,741	23,495	99,236
2026	78,933	19,344	98,277
2027	82,321	14,995	97,316
2028	<u>304,712</u>	<u>4,923</u>	<u>309,635</u>
Total	<u>\$ 651,334</u>	<u>\$ 92,129</u>	<u>\$ 743,463</u>

Note 5: Defined Benefit Pension Plan

General Information

Plan Description - Eligible employees of the Academy are provided with pensions through the DPS Division - a single-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.

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 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.

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.

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Note 5: Defined Benefit Pension Plan (Continued)

General Information (Continued)

- 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.

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

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 of the DPS benefit structure, and eligible benefit recipients under the PERA benefit structure who began membership before January 1, 2007, will receive the maximum annual increase (AI) or AI cap of 1.00% 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 DPS Division. 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 a disability. The disability benefit amount is based on the lifetime retirement benefit formulas shown above considering a minimum of 20 years of service credit, if deemed disabled.

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

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Note 5: Defined Benefit Pension Plan (Continued)

General Information (Continued)

Contribution provisions as of June 30, 2023 - Eligible employees of the Academy and the State are required to contribute to the DPS Division at a rate set by Colorado statute. The contribution requirements for the DPS Division are established under C.R.S. § 24-51-401, *et seq.* and § 24-51-413. Eligible employees are required to contribute 11.00 percent of their PERA-includable salary period of July 01, 2022 through June 30, 2023. The Academy's contribution rate was 11.40% of covered salaries for July 01, 2022 through June 30, 2023. However, a portion of the Academy's contribution (1.02% of covered salaries) is allocated to the Health Care Trust Fund (See Note (see Note 6)). In addition, the portion of employer contributions allocated to PCOP offset as specified in C.R.S. § 24-51-412 was 11.72% from July 01, 2022 through December 31, 2022, and 10.93% from January 1, 2023 through June 30, 2023. Contribution rates for the DPS Division are expressed as a percentage of salary as defined in C.R.S. § 24-51-101(42).

Employer contributions are recognized by the DPS Division in the period in which the compensation becomes payable to the member and the Academy is statutorily committed to pay the contributions to the DPS Division. Employer contributions recognized by the DPS Division from the Academy were \$83,074 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 DPS Division and is considered to meet the definition of a special funding situation. As specified in C.R.S. § 24-51-414, the State is required to contribute \$225 million (actual dollars) direct distribution each year to PERA starting on July 1, 2018. A portion of the direct distribution payment is allocated to the DPS Division based on the proportionate amount of annual payroll of the DPS Division to the total annual payroll of the DPS Division, State Division Trust Fund, School Division Trust Fund, and Judicial 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.

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

The net pension liability for the DPS Division 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 Academy proportion of the net pension liability was based on Academy contributions to the DPS Division for the calendar year 2022 relative to the total contributions of participating employers and the State as a nonemployer contributing entity.

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Note 5: Defined Benefit Pension Plan (Continued)

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

At June 30, 2023, the Academy reported a liability of \$638,135, for its proportionate share of the net pension liability that reflected a reduction for support from the State as a nonemployer contributing entity. The amount recognized by the Academy 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 Academy were as follows:

Academy's proportionate share of net pension liability	\$	1,092,174
The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the Academy		<u>(454,039)</u>
Proportionate share of the net pension liability	\$	<u><u>638,135</u></u>

At December 31, 2022, the Academy's proportion was 0.0735408129%, which was a decrease of 0.006158229% from its proportion measured at December 31, 2021. For the year ended June 30, 2023, the Academy recognized pension expense of \$241,437 and benefit of \$67,424, for support from the State as a nonemployer contributing entity.

At June 30, 2023, the Academy reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 22,567	\$ -
Changes of assumptions and other inputs	22,304	-
Net difference between projected and actual earnings on plan investments	241,717	-
Changes in proportion	166,893	21,382
Contributions subsequent to the measurement date	<u>46,905</u>	<u>-</u>
Total	<u>\$ 500,386</u>	<u>\$ 21,382</u>

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Note 5: Defined Benefit Pension Plan (Continued)

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

\$46,905 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 subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Year Ended June 30,</u>		
2024	\$	152,691
2025		54,657
2026		84,677
2027		<u>140,074</u>
Total	\$	<u>432,099</u>

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	2.3%
Real wage growth	0.7%
Wage inflation	3.0%
Salary increases, including wage inflation	3.80% - 11.50%
Long-term investment rate of return, net of plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Future post-retirement benefit increases:	
Hired prior to 1/1/2007	1.00%
Hired after 12/31/2006	Financed by AIR

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.

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Note 5: 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 mortality assumptions were based on 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 beneficiary mortality assumptions were based on the Pub-2010 Contingent Survivor 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 beneficiary mortality assumptions were based on 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 periods January 1, 2016, through December 31, 2019, and were adopted by the PERA Board during the November 20, 2020, Board 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 were 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 percentage and then adding expected inflation.

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Note 5: Defined Benefit Pension Plan (Continued)

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

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

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

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 Senate Bill (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.

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Note 5: Defined Benefit Pension Plan (Continued)

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

- 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 the 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 the estimated amount of total service costs for future plan members not financed by their member contributions.
- Employer contributions for the DPS Division are reduced by an amount equal to the principal payments plus interest necessary each year to finance the pension certificates of participation (PCOPs) issued in 1997 and 2008 and refinanced thereafter.
- As specified in law, the State, as a nonemployer contributing entity, will provide an annual direct distribution of \$225 million (actual dollars), which commenced 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, DPS Division'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 rate index, and therefore, the discount rate is 7.25%. There was no change in the discount rate from the prior measurement date.

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Note 5: Defined Benefit Pension Plan (Continued)

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

Sensitivity of the Academy's proportionate share of the net pension liability to changes in the discount rate - The following presents the Academy's proportionate share of the net pension liability calculated using the discount rate of 7.25%, as well as 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, as follows:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	\$ 1,079,992	\$ 638,135	\$ 273,909

Pension plan fiduciary net position - Detailed information about the DPS Division's FNP is available in PERA's ACFR, which may be obtained at www.copera.org/investments/pera-financial-reports.

Note 6: Postemployment Healthcare Benefits

General Information

Plan Description - Eligible employees of the Academy are provided with postemployment benefits other than pensions (OPEB) through the DPS HCTF - a single-employer defined benefit OPEB plan administered by PERA. The DPS 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 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.

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Note 6: Postemployment Healthcare Benefits (Continued)

General Information (Continued)

Benefits Provided - The DPS HCTF provides a healthcare 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 DPS HCTF and the Health Care Trust Fund (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 is voluntary and is available to benefit recipients and their eligible dependents, certain surviving spouses, and divorced spouses and guardians, among others. Eligible benefit recipients may enroll into the program upon retirement, upon the occurrence of certain life events, or on an annual basis during an open enrollment period.

PERA Benefit Structure

The maximum service-based premium subsidy is \$230 per month for benefit recipients who are under 65 years of age and who are not entitled to Medicare; the maximum service-based subsidy is \$115 per month for benefit recipients who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The maximum service-based subsidy, in each case, is for benefit recipients with retirement benefits based on 20 or more years of service credit. There is a 5% 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.

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Note 6: Postemployment Healthcare Benefits (Continued)

General Information (Continued)

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 DPS HCTF or the HCTF on behalf of benefit recipients not covered by Medicare Part A.

DPS Benefit Structure

The maximum service-based premium subsidy is \$230 per month for retirees who are under 65 years of age and who are not entitled to Medicare; the maximum service-based subsidy is \$115 per month for retirees 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 retirees 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 retiree pays the remaining portion of the premium to the extent the subsidy does not cover the entire amount.

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

Contributions - Pursuant to Title 24, Article 51, Section 208(1)(f) of the C.R.S., as amended, certain contributions are apportioned to the DPS HCTF. PERA reporting agencies of the DPS Division are required to contribute at a rate of 1.02% of PERA-includable salary into the DPS HCTF.

Employer contributions are recognized by the DPS HCTF in the period in which the compensation becomes payable to the member and the Academy is statutorily committed to pay the contributions. Employer contributions recognized by the DPS HCTF from the Academy were \$9,397 for the year ended June 30, 2023.

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Note 6: Postemployment Healthcare Benefits (Continued)

General Information (Continued)

At June 30, 2023, the Academy reported a liability of \$11,064, for its proportionate share of the net OPEB liability. The net OPEB liability for the DPS 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 2022. The Academy's proportion of the net OPEB liability was based on the Academy's contributions to the DPS HCTF for the calendar year ended December 31, 2022, relative to the total contributions of all participating employers to the DPS HCTF.

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

At December 31, 2022, the Academy's proportion was 0.1258889351%, which was an increase of 0.0237546051% from its proportion measured at December 31, 2021.

For the year ended June 30, 2023, the Academy recognized OPEB expense of \$3,890. At June 30, 2023, the Academy reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 11,856
Change of assumptions and other inputs	-	5,288
Net difference between projected and actual earnings on plan investments	6,269	-
Changes in proportion	22,393	-
Contributions subsequent to the measurement date	5,063	-
Total	<u>\$ 33,725</u>	<u>\$ 17,144</u>

American Indian Academy Denver
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Note 6: Postemployment Healthcare Benefits (Continued)

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

\$5,063 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 subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

<u>Year Ended June 30,</u>		
2023	\$	1,213
2024		1,972
2025		3,577
2026		5,053
2027		364
Thereafter		<u>(661)</u>
Total	\$	<u>11,518</u>

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

Actuarial Cost Method	Entry Age
Price inflation	2.3%
Real wage growth	0.7%
Wage inflation	3.0%
Salary increases, including wage inflation	3.8%-11.5%
Long-term investment rate of return, net of plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Health care cost trend rates:	
PERA Benefit Structure	
Service-based premium subsidy	0.0%
PERACare Medicare plans	
6.5% in 2022, gradually decreasing to 4.5% in 2030	N/A
Medicare Part A premiums:	
3.75% in 2022, gradually increasing to 4.5% in 2029	N/A

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.

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Note 6: Postemployment Healthcare Benefits (Continued)

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

The 2022 Medicare Part A premium is \$471 (actual dollars) per month.

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.

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%

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June 30, 2023

Note 6: Postemployment Healthcare Benefits (Continued)

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

Mortality assumptions used in the December 31, 2021, valuation for the determination of the total pension liability for the DPS Division as shown reflect generational mortality and were applied, as applicable, in the determination of the TOL for the DPS HCTF, but developed using a headcount-weighted basis. Reporting agencies of the DPS Division participate in the DPS HCTF.

The 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 on 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 beneficiary mortality assumptions were based on the PubT-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 following health care costs assumptions were updated and used in the roll-forward calculation for the DPS HCTF:

- Per capita health care costs in effect as of 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.

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Note 6: Postemployment Healthcare Benefits (Continued)

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

- 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.

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 PERA's Board during the November 20, 2020, meeting.

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

Several factors were 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, as presented previously (See Note 5).

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 rate of return assumption of 7.25%.

American Indian Academy Denver
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 Notes to Financial Statements
 June 30, 2023

Note 6: Postemployment Healthcare Benefits (Continued)

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

Discount Rate - The discount rate used to measure the 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:

- 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 DPS 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 projection test indicates the DPS HCTF's FNP was projected 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 Academy's proportionate share of the net OPEB liability to changes in the discount rate - The following presents the proportionate share of the net OPEB liability calculated using the discount rate of 7.25%, as well as what the proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate, as follows:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	\$ 18,725	\$ 11,064	\$ 4,538

American Indian Academy Denver
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Notes to Financial Statements
June 30, 2023

Note 6: Postemployment Healthcare Benefits (Continued)

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

Sensitivity of the Academy's proportionate share of the net OPEB liability to changes in the Healthcare Cost Trend Rates - The following presents the net OPEB liability using the current healthcare cost trend rates applicable to the PERA benefit structure, ranging from 3.00% to 7.25%, as well as if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current rates, as follows:

	1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
Proportionate share of the net OPEB liability	\$ 10,784	\$ 11,064	\$ 11,295

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

Note 7: Commitments and Contingencies

Claims and Judgments

The Academy participates in a number of federal and state programs that are fully or partially funded by revenues received from other governmental entities. Expenditures financed by these revenues are subject to audit by the appropriate government. If expenditures are disallowed due to noncompliance with program regulations, the Academy may be required to reimburse the other government. At June 30, 2023, significant amounts of related expenditures have not been audited but management believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the Academy.

TABOR Amendment

In November 1992, Colorado voters approved the TABOR Amendment to the State Constitution which limits state and local government taxing powers and imposes spending limitations. The Amendment is subject to interpretation, but management believes the Academy is in substantial compliance with the requirements of the Amendment. In accordance with the Amendment, the Academy has established a reserve for emergencies, representing 3% of qualifying expenditures. At June 30, 2023, the reserve was reported as restricted fund balance in the General Fund, in the amount of \$84,200.

American Indian Academy Denver
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Notes to Financial Statements
June 30, 2023

Note 8: Subsequent Event

The Academy closed in June 2023. Those charged with governance are still in process of closing out the books and expect to be finished in 2024.

Required Supplementary Information

American Indian Academy Denver
(A Component Unit of Denver Public Schools)
Required Supplementary Information

Schedule of Proportionate Share of the Net Pension Liability and Contributions
Public Employees' Retirement Association of Colorado School Division Trust Fund
June 30, 2023

Measurement Date	12/31/22	12/31/21	12/31/20
Proportionate Share of the Net Pension Liability			
Academy's Proportion of the Net Pension Liability	0.0735408129%	0.0796466358%	0.0687925859%
Net Pension Liability			
Academy's Proportionate Share	\$ 1,092,174	\$ 4,756	\$ 309,507
State's Proportionate Share	454,039	1,396	-
Net Proportionate Share	\$ 1,546,213	\$ 6,152	\$ 309,507
Academy's Covered-Employee Payroll	\$ 1,078,237	\$ 862,851	\$ 270,874
Academy's Proportionate Share of the Net Pension Liability as a Percentage of Covered-Employee Payroll	101%	1%	114%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82%	100%	90%
Reporting Date	6/30/23	6/30/22	6/30/21
Academy Contributions			
Statutorily Required Contribution	\$ 83,074	\$ 89,466	\$ 46,712
Contributions in Relation to the Statutorily Required Contribution	(83,074)	(89,466)	(46,712)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
Academy's Covered-Employee Payroll	\$ 921,269	\$ 1,084,441	\$ 622,587
Contributions as a Percentage of Covered-Employee Payroll	9.02%	8.25%	7.50%

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

American Indian Academy Denver
(A Component Unit of Denver Public Schools)
Required Supplementary Information
Schedule of Proportionate Share of the Net OPEB Liability and Contributions
Public Employees' Retirement Association of Colorado
Health Care Trust Fund
June 30, 2023

Measurement Date	12/31/22	12/31/21	12/31/20
Proportionate Share of the Net OPEB Liability			
Academy's Proportion of the Net OPEB Liability	12.5888935100%	0.1021343300%	0.0687950821%
Academy's Proportionate Share of the Net OPEB Liability	\$ 11,064	\$ 10,744	\$ 15,749
Academy's Covered Payroll	\$ 1,078,237	\$ 862,851	\$ 270,874
Academy's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	1%	1%	6%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	86%	84%	65%
Reporting Date	6/30/23	6/30/22	6/30/21
Academy Contributions			
Statutorily Required Contribution	\$ 9,397	\$ 11,061	\$ 6,350
Contributions in Relation to the Statutorily Required Contribution	(9,397)	(11,061)	(6,350)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
Academy's Covered Payroll	\$ 921,269	\$ 1,084,441	\$ 622,587
Contributions as a Percentage of Covered Payroll	1.02%	1.02%	1.02%

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

American Indian Academy Denver
(A Component Unit of Denver Public Schools)
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
<i>Local Sources</i>				
District Mill Levy	\$ 557,914	\$ 351,210	\$ 390,241	\$ 39,031
Contributions and Grants	800,000	1,350,000	640,409	(709,591)
Other	-	31,300	356,335	325,035
Total Local Sources	<u>1,357,914</u>	<u>1,732,510</u>	<u>1,386,985</u>	<u>(345,525)</u>
<i>State Sources</i>				
Per Pupil Revenue	2,046,809	1,432,344	1,365,428	(66,916)
Capital Construction	62,400	48,473	51,645	3,172
At-Risk Supplemental Aid	-	-	3,227	3,227
Grants	43,241	35,436	113,192	77,756
Total State Sources	<u>2,152,450</u>	<u>1,516,253</u>	<u>1,533,492</u>	<u>17,239</u>
<i>Federal Sources</i>				
Grants	254,624	284,151	321,243	37,092
Total Federal Sources	<u>254,624</u>	<u>284,151</u>	<u>321,243</u>	<u>37,092</u>
Total Revenues	<u>3,764,988</u>	<u>3,532,914</u>	<u>3,241,720</u>	<u>(291,194)</u>
Expenditures				
Salaries	1,380,372	1,120,210	1,037,107	83,103
Employee Benefits	422,508	351,877	366,689	(14,812)
Purchased Services	1,145,386	1,294,343	1,373,429	(79,086)
Supplies	178,861	175,972	165,690	10,282
Property	585,575	585,400	553,849	31,551
Other	65,727	2,785	15,841	(13,056)
Debt Service				
Principal	131,099	381,099	344,069	37,030
Interest	18,163	48,163	91,244	(43,081)
Total Expenditures	<u>3,927,691</u>	<u>3,959,849</u>	<u>3,947,918</u>	<u>11,931</u>
Excess of Revenues Over (Under) Expenditures	(162,703)	(426,935)	(706,198)	(279,263)
Other Financing Sources				
Loan Proceeds	250,000	380,000	360,000	(20,000)
Net Change in Fund Balance	87,297	(46,935)	(346,198)	(299,263)
Fund Balance, Beginning of Year (Unaudited)	416,907	195,960	195,959	(1)
Fund Balance, End of Year	<u>\$ 504,204</u>	<u>\$ 149,025</u>	<u>\$ (150,239)</u>	<u>\$ (299,264)</u>

American Indian Academy Denver
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Notes to Required Supplementary Information
June 30, 2023

Note 1: Schedule of Proportionate Share of the Net Pension Liability and Contributions

The Public Employees' Retirement Association of Colorado (PERA) Denver Public Schools Division Trust Fund's net pension liability and associated amounts are measured annually at December 31, based on an actuarial valuation as of the previous December 31. The Academy's contributions and related ratios represent cash contributions and any related accruals that coincide with the Academy's fiscal year ending on June 30.

Changes in Assumptions and Other Inputs

For the year ended June 30, 2023, the total pension liability was determined by an actuarial valuation as of December 31, 2021. The following revised economic and demographic assumptions were effective as of December 31, 2021.

- Investment rate of return assumption of 7.25% per year, compounded annually. This assumption did not change from the prior year.
- Price inflation assumption of 2.3% per year. This assumption did not change from the prior year.
- Real rate of investment return assumption of 4.85% per year, net of investment expenses. The rate reflected in the roll-forward calculation of the collective total pension liability to the measurement date was 7.25%. This assumption did not change from prior year.
- Wage inflation assumption of 3.0% per year. This assumption did not change from the prior year.
- Healthy and disabled mortality assumptions are based on the PubT-2010 Employee Tables.

Note 2: Stewardship, Compliance and Accountability

Budgetary Information

An annual budget is adopted for the Academy on a basis consistent with generally accepted accounting principles.

Management submits to the Board of Directors a proposed budget for the fiscal year commencing the following July 1, for their approval. The budget includes proposed expenditures and the means of financing them.

Expenditures may not legally exceed appropriations at the fund level. Revisions that alter the total expenditures of any fund must be approved by the Board of Directors.

All appropriations lapse at fiscal year-end.