

**COLORADO MILITARY ACADEMY, INC.**

**BASIC FINANCIAL STATEMENTS**

**June 30, 2023**

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## JOHN CUTLER & ASSOCIATES

Board of Directors  
Colorado Military Academy, Inc.  
Colorado Springs, Colorado

### INDEPENDENT AUDITORS' REPORT

#### Report on the Financial Statements

##### *Opinions*

We have audited the financial statements of the governmental activities and each major fund, and the aggregate remaining fund information of Colorado Military Academy, Inc. (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 Colorado Military Academy, Inc. 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 Colorado Military Academy, Inc. and to meet our ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the 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 judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgement 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 of 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 of 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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the School's ability to continue as a going concern for a reasonable period of time.

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

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required budgetary and pension information on pages 46-50 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 (GASB) 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.

*John Luttrell & Associates, LLC*

December 6, 2023

**COLORADO MILITARY ACADEMY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR FISCAL YEAR ENDED JUNE 30, 2023**

As management of Colorado Military Academy (CMA or the School) we offer readers of the School's annual financial report this narrative overview and analysis of the financial activities of the School for the fiscal year ended June 30, 2023. Readers are encouraged to consider the information presented here in conjunction with the annual financial report.

**FINANCIAL HIGHLIGHTS**

- As of June 30, 2023, net position increased by \$752,228 to \$(9,809,774).
- The School's total net pension liability at June 30, 2023 was \$6,257,592 which had an impact on the ending net pension. The Net OPEB liability was \$213,306.
- As of the close of the current fiscal year, the School's general fund reported an ending fund balance of \$1,586,460, an increase of \$927,582.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis serve as an introduction to the School's basic financial statements. The School's basic financial statements consist of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains required and other supplementary information in addition to the basic 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 as a whole, in a manner similar to a private-sector business and include two statements:

The *statement of net position* presents information on all of the School's assets and liabilities, with the difference between the two 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 reporting 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 result in cash flows in future fiscal periods. Accrued interest expense is an example of this type of item.

Both government-wide financial statements distinguish functions of the School that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the School include general government of running a K-12 charter school authorized by the Charter School Institute (CSI) and include instruction and supporting services.

### **Fund Financial Statements**

A fund is a grouping of related accounts used to maintain control over resources segregated for specific activities or objectives. The fund financial statements provide more detailed information about the School's operations, focusing on its most significant funds, not the School as a whole. The School keeps track of these monies to ensure and demonstrate compliance with finance-related legal requirements. The School has a general fund, which is a governmental fund.

Governmental Funds: The School's basic services are included in this governmental fund, which focuses on (1) how money flows into and out of the fund and (2) the balances left at year-end that are available for spending or reserves. Consequently, the governmental fund statements provide a detailed short-term view that helps determine the status of financial resources that can be spent in the near future to finance the School's programs.

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. Thus, readers may better understand the long-term impact of the School's near-term financing decisions. To facilitate this comparison between governmental funds and governmental activities, reconciliations are provided for both the governmental fund balance sheet and the statement of revenues, expenditures, and changes in fund balance.

### **Notes to the Basic Financial Statements**

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

### **Required Supplementary Information**

In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning the School. The School adopts an annual appropriated budget for the general fund. A budgetary comparison schedule has been provided to demonstrate compliance with the budget. Other schedules have also been included to report certain pension and OPEB information.

## **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 the School total liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$9,809,774 as of June 30, 2023, resulting in a negative net position. This includes long-term liabilities and related assets that are not due and payable in the current period. This liability includes net pension (\$6,257,592), net OPEB liability \$(213,306), deferred outflows related to pensions \$2,084,083, deferred outflows related OPEB \$127,153, deferred inflows related to pensions (\$1,686,632), and deferred inflows related to OPEB (\$123,081).

## Net Position

	<b>Governmental Activities</b>	
	<b>2023</b>	<b>2022</b>
<b>ASSETS</b>		
Cash and Investments	\$1,497,449	\$393,117
Restricted Cash and Investments	108,671	99,952
Accounts/Grants Receivable	318,978	472,437
Prepaid Expenses	-	60,125
Capital Assets, Net	11,151,746	11,568,983
<b>Total Assets</b>	<b>13,076,844</b>	<b>12,594,614</b>
<b>DEFERRED OUTFLOW OF RESOURCES</b>		
Deferred Loss on Refunding	1,198,953	1,230,504
Related to Pensions	2,084,083	2,066,673
Related to OPEB	127,153	95,490
<b>Total Deferred Outflows</b>	<b>3,410,189</b>	<b>3,392,667</b>
<b>LIABILITIES</b>		
Current Liabilities	200,713	254,704
Noncurrent Liabilities	17,756,104	17,762,258
Net Pension Liability	6,257,592	5,856,593
Net OPEB Liability	213,306	283,343
<b>TOTAL LIABILITIES</b>	<b>24,487,094</b>	<b>24,168,995</b>
<b>DEFERRED INFLOW OF RESOURCES</b>		
Related to Pensions	1,686,632	2,268,899
Related to OPEB	123,081	111,389
	<b>1,809,713</b>	<b>2,380,288</b>
<b>NET POSITION</b>		
Net Investment in Capital Assets	(6,634,483)	(6,193,275)
Restricted for Emergencies	199,129	199,129
Unrestricted	(3,374,420)	(4,567,856)
<b>TOTAL NET POSITION</b>	<b>\$(9,809,774)</b>	<b>\$(10,562,002)</b>

**Change in Net Assets**  
**For the Years Ended June 30, 2023 and June 30, 2022**

	<b>6/30/2023</b>	<b>6/30/2022</b>
<b>Program Revenue:</b>		
Charges for Services	\$165,755	\$152,526
Operating Grants and Contributions	728,132	791,588
Capital Grants and Contributions	244,774	187,718
<b>Total Program Revenue</b>	<b>1,138,661</b>	<b>1,131,832</b>
<b>General Revenue:</b>		
Per Pupil Operation Revenue	6,294,822	5,901,738
Mill Levy Override	590,987	310,714
Other	23,009	88,343
Unrestricted State Aid	166,048	143,987
<b>Total General Revenue</b>	<b>7,082,295</b>	<b>6,445,234</b>
<b>Total Revenue</b>	<b>8,220,956</b>	<b>7,577,066</b>
<b>Expenses:</b>		
Current:		
Instruction	3,702,172	3,290,739
Supporting Services	2,644,738	2,639,800
Interest and Fiscal Charges	1,121,818	2,274,116
<b>Total Expenses</b>	<b>7,468,728</b>	<b>8,204,655</b>
<b>Increase (Decrease) in Net Assets</b>	<b>752,228</b>	<b>(627,589)</b>
<b>Beginning Net Assets, June 30 as Restated</b>	<b>(10,562,002)</b>	<b>(9,934,413)</b>
<b>Ending Net Assets, June 30, 2022</b>	<b>\$(9,809,774)</b>	<b>\$(10,562,002)</b>

## **ANALYSIS OF THE SCHOOL'S FUNDS**

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

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

The general fund is the operating fund of the School. The fund balance for the general fund is \$1,586,460 at the end of the current fiscal year.

## **BUDGETARY HIGHLIGHTS**

The School's budget is prepared in accordance with state law. During the year the School amended its General Fund budget primarily to reflect the following changes:

- True up of October pupil count of 688.5 FTE students which is an increase from the FY22 school year where the school pupil count was 683.5. Enrollment is steadily increasing for the growing school.

## **CAPITAL ASSETS AND DEBT ADMINISTRATION**

### **Capital Assets**

Capital assets include all capital outlays related to building improvements and equipment. Capital assets net of depreciation was \$11,151,746 as of June 30, 2023. There were not significant capital outlays during the year. See Note 4 for more information.

### **Debt Administration**

As of June 30, 2023 the school's obligated debt under a lease agreement to make monthly payments to the Building Corporation equal to the Corporation's loan obligations for using the education facilities of \$17,786,229. See Note 6 for more information.

## **ECONOMIC FACTORS**

- Colorado Military Academy is located in Colorado Springs, in southern Colorado. The State economy was stabilizing after the recent recession, and the recovery for the El Paso region had been on a steady increase of economic outlook. Forecasts from the Governor's Budget Office prior to COVID19 were for continued slow growth. FY23 budget requests by the governor includes another increase in school funding.

## **SCHOOL INFORMATION**

- Colorado Military Academy is a K-12 charter school operating under the authorization of the Charter School Institute since 2017.
- The school maintains a steady increase of enrollment each year. It is anticipated that the full capacity of the school could be approx. 1,000 students but continues to remain slightly below 700, which are the enrollment assumptions used for budgeting purposes. This number may fluctuate slightly on student count day causing the annual operating budget to be originally based on slightly fewer students and then adjusted to actual enrollment at mid-year.
- The vision for Colorado Military Academy is to be the premiere military academy in the region recognized for STEM excellence and developing strong leaders of character. It is not a requirement for students to have family in the military or for the students to plan to pursue a military career following graduation. However, the focus of the school is Aerospace and Leadership based on military models, including the Civil Air Patrol and other clubs inclusive of all students.

## **REQUESTS FOR INFORMATION**

This financial report is designed to provide the School's taxpayers and creditors with a general overview of the School's finances and to demonstrate the School's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the School:

Colorado Military Academy  
360 Command View  
Colorado Springs, CO 80915

## **BASIC FINANCIAL STATEMENTS**

COLORADO MILITARY ACADEMY, INC.

STATEMENT OF NET POSITION

June 30, 2023

	<u>GOVERNMENTAL ACTIVITIES</u>
<b>ASSETS</b>	
Cash and Investments - Unrestricted	\$ 1,497,449
Cash and Investments - Restricted	108,671
Accounts Receivable	100,298
Grants Receivable	218,680
Prepaid Expenses	-
Capital Assets, Not Being Depreciated	1,242,000
Capital Assets, Depreciated, Net of Accumulated Depreciation	9,909,746
TOTAL ASSETS	<u>13,076,844</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Loss on Refunding	1,198,953
Related to Pensions	2,084,083
Related to OPEB	127,153
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>3,410,189</u>
<b>LIABILITIES</b>	
Accrued Salaries and Benefits	200,713
Noncurrent Liabilities	
Due Within One Year	30,125
Due in More Than One Year	17,756,104
Net Pension Liability	6,257,592
Net OPEB Liability	213,306
TOTAL LIABILITIES	<u>24,487,094</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Related to Pensions	1,686,632
Related to OPEB	123,081
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>1,809,713</u>
<b>NET POSITION</b>	
Investment in Capital Assets	(6,634,483)
Restricted for Emergencies	199,129
Unrestricted	(3,374,420)
TOTAL NET POSITION	<u>\$ (9,809,774)</u>

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

COLORADO MILITARY ACADEMY, INC.

STATEMENT OF ACTIVITIES  
Year Ended June 30,2023

FUNCTIONS/PROGRAMS	Expenses	PROGRAM REVENUES			Net Expense (Revenue) and Changes in Net Position Governmental Activities
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>PRIMARY GOVERNMENT</b>					
Governmental Activities					
Instruction	\$ 3,702,172	\$ 62,609	\$ 701,850	\$ -	\$ (2,937,713)
Supporting Services	2,644,738	103,146	26,282	244,774	(2,270,536)
Interest and Fiscal Charges	1,121,818	-	-	-	(1,121,818)
Total Governmental Activities	<u>\$ 7,468,728</u>	<u>\$ 165,755</u>	<u>\$ 728,132</u>	<u>\$ 244,774</u>	<u>(6,330,067)</u>
<b>GENERAL REVENUES</b>					
Per Pupil Revenue					6,294,822
Mill Levy Override					590,987
Other					23,009
Unrestricted State Aid					<u>166,048</u>
TOTAL GENERAL REVENUES					<u>7,082,295</u>
CHANGE IN NET POSITION					752,228
NET POSITION, Beginning, Restated					<u>(10,562,002)</u>
NET POSITION, Ending					<u>\$ (9,809,774)</u>

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

COLORADO MILITARY ACADEMY, INC.

BALANCE SHEET  
ALL GOVERNMENTAL FUNDS  
June 30, 2023

	<u>GENERAL FUND</u>
<b>ASSETS</b>	
Cash and Investments	\$ 1,497,449
Accounts Receivable	100,298
Grants Receivable	<u>218,680</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 1,816,427</u></u>
<b>LIABILITIES AND FUND BALANCES</b>	
<b>LIABILITIES</b>	
Accrued Salaries and Benefits	\$ 200,713
Deferred Revenue	<u>29,254</u>
<b>TOTAL LIABILITIES</b>	<u>229,967</u>
<b>FUND BALANCES</b>	
Restricted for Emergencies	199,129
Unassigned	<u>1,387,331</u>
<b>TOTAL FUND BALANCES</b>	1,586,460
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	22,172
Long-term liabilities and related assets are not due and payable in the current period and therefore, are not reported in the funds. This liability includes net pension liability (\$6,257,592), net OPEB liability (\$213,306), deferred outflows related to pensions \$2,084,083 deferred outflows related to OPEB \$127,153, deferred inflows related to pensions (\$1,686,632), and deferred inflows related to OPEB (\$123,081).	(6,069,375)
Building Corporations are used by management to charge the lease costs to governmental funds. The assets and liabilities of the Building Corporation are included in the governmental activities in the statement of net position.	<u>(5,349,031)</u>
Net position of governmental activities	<u><u>\$ (9,809,774)</u></u>

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

COLORADO MILITARY ACADEMY, INC.

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

	<u>GENERAL FUND</u>
REVENUES	
Local Sources	\$ 7,108,284
State Sources	722,786
Federal Sources	<u>223,838</u>
TOTAL REVENUES	<u>8,054,908</u>
EXPENDITURES	
Instruction	3,791,698
Supporting Services	<u>3,335,628</u>
TOTAL EXPENDITURES	<u>7,127,326</u>
NET CHANGE IN FUND BALANCES	927,582
FUND BALANCES, Beginning	<u>658,878</u>
FUND BALANCES, Ending	<u><u>\$ 1,586,460</u></u>

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

COLORADO MILITARY ACADEMY, INC.

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	\$ 927,582
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. This is the depreciation expense.	(7,004)
Deferred Charges related to pensions are not recognized in the governmental funds. However, in the government-wide statements these amounts are capitalized and amortized.	288,686
The Building Corporation is used by management to charge the cost of lease payments to the governmental funds. The net revenue of the Building Corporation is reported with the governmental activities.	<u>(457,036)</u>
Change in net position of governmental activities	<u>\$ 752,228</u>

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

COLORADO MILITARY ACADEMY, INC.

STATEMENT OF NET POSITION  
 PROPRIETARY FUND TYPES  
 June 30, 2021

	GOVERNMENTAL ACTIVITIES <u>Building Corporation</u>
ASSETS	
Current Assets	
Cash and Investments	\$ 108,671
Total Current Assets	<u>108,671</u>
Long-term Assets	
Loss on Refunding	1,198,953
Capital Assets, Not Being Depreciated	1,242,000
Capital Assets, Net of Accumulated Depreciation	<u>9,887,574</u>
Total Long-term Assets	<u>12,328,527</u>
TOTAL ASSETS	<u>12,437,198</u>
LIABILITIES	
Current Liabilities	
Bond Payable - Current Portion	<u>30,125</u>
Total Current Liabilities	<u>30,125</u>
Long-Term Liabilities	
Bond Payable	<u>17,756,104</u>
Total Long-Term Liabilities	17,756,104
TOTAL LIABILITIES	<u>17,786,229</u>
NET POSITION	
Net Investment in Capital Assets	(5,427,577)
Unrestricted	<u>78,546</u>
TOTAL NET POSITION	<u>\$ (5,349,031)</u>

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

COLORADO MILITARY ACADEMY, INC.

STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUND TYPES  
Year Ended June 30,2023

	GOVERNMENTAL ACTIVITIES
	<u>Building Corporation</u>
OPERATING REVENUES	
Lease Income	\$ 1,121,818
Investment Income	<u>8,719</u>
TOTAL OPERATING REVENUES	<u>1,130,537</u>
OPERATING EXPENSES	
Supporting Services	55,522
Depreciation	<u>410,233</u>
TOTAL OPERATING EXPENSES	<u>465,755</u>
OPERATING INCOME (LOSS)	<u>664,782</u>
NON-OPERATING REVENUES (EXPENSES)	
Interest Expense	<u>(1,121,818)</u>
TOTAL NON-OPERATING EXPENSES	<u>(1,121,818)</u>
NET INCOME (LOSS)	(457,036)
NET POSITION, Beginning	<u>(4,891,995)</u>
NET POSITION, Ending	<u>\$ (5,349,031)</u>

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

COLORADO MILITARY ACADEMY, INC.

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUND TYPES  
 Year Ended June 30,2023  
 Increase (Decrease) in Cash

	GOVERNMENTAL ACTIVITIES <u>Building Corporation</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from Rental Operations	\$ 1,121,818
Investment Income	<u>8,719</u>
Net Cash Provided by Operating Activities	<u>1,130,537</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Interest Expense	(1,121,818)
Net Cash Used by Financing Activities	<u>(1,121,818)</u>
NET INCREASE (DECREASE) IN CASH	8,719
CASH, Beginning	<u>99,952</u>
CASH, Ending	<u>\$ 108,671</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating Income (Loss)	<u>\$ 664,782</u>
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities	
Depreciation and Amortization Expense	<u>465,755</u>
Total Adjustments	<u>465,755</u>
Net Cash Provided by Operating Activities	<u>\$ 1,130,537</u>

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

COLORADO MILITARY ACADEMY, INC.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Colorado Military Academy, Inc. (the “School”) was organized pursuant to the Colorado Charter Schools Act to form and operate a charter school. On May 9, 2017, the School entered into a contract with the Colorado Charter School Institute (the “Institute”) to authorize the School for an initial term of five years, through June 30, 2023. The School began operations in the Fall of 2017. The accounting policies of the School conform to generally accepted accounting principles as applicable to governmental entities. Following is a summary of the School’s more significant policies.

**Reporting Entity**

The financial reporting entity consists of the School and organizations for which the School is financially accountable. All funds, organizations, institutions, agencies, departments and offices that are not legally separate are part of the School. In addition, any legally separate organizations for which the School is financially accountable are considered part of the reporting entity. Financial accountability exists if the School appoints a voting majority of the organization’s governing board and is able to impose its will on the organization, or if the organization provides benefits to, or imposes financial burdens on the School.

Based upon the application of these criteria, the following organization is included in the School’s reporting entity.

Colorado Military Academy Building Corporation

The Corporation was organized specifically for holding title to real and/or personal property for, and making the same available for use by, the School, and to otherwise provide a public building, facilities, and equipment to the School. The Corporation is blended into the School’s financial statements as an internal service fund and does not issue separate financial statements.

**Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the 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.

COLORADO MILITARY ACADEMY, INC.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

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

**Government-Wide and Fund Financial Statements** (Continued)

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 intergovernmental revenues 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. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period, not to exceed 60 days. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

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.

COLORADO MILITARY ACADEMY, INC.

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)

Internally dedicated resources are reported as general revenues rather than as program revenues.

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

The School reports the following major governmental funds:

*General Fund*— This fund is the general operating fund of the School. It is used to account for all financial resources except those required to be accounted for in another fund.

Additionally, the School reports the following fund types:

The *Internal Service Fund* is used to account for activity of the Building Fund.

**Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position and balance sheets will sometimes report a separate section for deferred outflows or 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.

In addition to liabilities, the statement of financial position and balance sheets will sometimes report a separate section for deferred inflows or 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.

COLORADO MILITARY ACADEMY, INC.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

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

**Assets, Liabilities and Fund Balance/Net Position**

*Investments* – Investments are recorded at fair value.

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

*Prepaid Expenses* - Payments for goods and services to be received in the near future. An expenditure is reported in the year in which the goods or services are received.

*Capital Assets* – Capital assets, which include property and equipment, are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the School as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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 has been provided over the following estimated useful lives of the capital assets using the straight-line method: buildings 30 years, furniture and equipment 7 years.

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

*Long Term Obligations* - In the government-wide financial statements, and proprietary fund type in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method.

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 debt service expenditures.

COLORADO MILITARY ACADEMY, INC.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

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

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

*Compensated Absences* – Full time employees earn 10 days and part time employees earn a pro-rated 4 days of paid time off (“PTO”) per year. The School’s policy allows employees to carry over up to 30 unused PTO days. Unused compensation is paid at year end at a rate of \$100 a day. For the year ended June 30, 2023, the School’s compensated absences liability was immaterial and was not recorded in the government-wide financial statements.

*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 portion 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:

- Nonspendable – This classification includes amounts that cannot be spent because they are either not in a spendable form (such as inventories and prepaid amounts) or are legally or contractually required to be maintained intact. The School did not report any amounts as nonspendable as of June 30, 2023.

COLORADO MILITARY ACADEMY, INC.

NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2023

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

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

- 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.
- 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 amounts the government intends to use for specific purposes that do not meet the criteria to be classified as restricted or 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.

**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 carries commercial insurance for these risks of loss. Settled claims have not exceeded any coverages in the last three years.

COLORADO MILITARY ACADEMY, INC.

NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2023

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

**Budgets and Budgetary Accounting**

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 the following 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 must be approved by the Board of Directors. The budget includes proposed expenditures and the means of financing them. All appropriations lapse at fiscal year-end.

**NOTE 3: CASH AND INVESTMENTS**

Cash at June 30, 2023 consisted of the following:

Deposits	\$ 1,284,174
Investments	<u>317,946</u>
Total	<b><u>\$ 1,606,120</u></b>

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

Governmental Activities – Unrestricted	\$ 1,497,449
Business-type Activities – Restricted	<u>108,671</u>
Total	<b><u>\$ 1,606,120</u></b>

**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.

COLORADO MILITARY ACADEMY, INC.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

**NOTE 3:** **CASH AND INVESTMENTS** (Continued)

**Deposits** (Continued)

Custodial Credit Risk – Deposits (Continued)

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

At June 30, 2023, the School had deposits with financial institutions with a carrying amount of \$1,284,174. The bank balances with the financial institutions were \$1,3663,996. Of these balances \$250,000 was covered by federal depository insurance and \$1,112,899 was covered by collateral held by authorized escrow agents in the financial institutions name (PDPA).

**Investments**

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 units of local government may invest, which include:

- Obligations of the United States and certain U.S. Government Agency securities
- General obligation and revenue bonds of U.S. local government entities
- Local government investment pools
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts

COLORADO MILITARY ACADEMY, INC.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

**NOTE 3:** *CASH AND INVESTMENTS* (Continued)

**Investments** (Continued)

The School has no policy for managing credit risk or interest rate risk.

Fair Value

The School categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The School invested \$108,671 in a Money Market Mutual Fund. Portfolio investments are assigned a level based upon the observability of the inputs which are significant to the overall valuation. The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. The fair value of investments in money market funds is based on the published net asset values per share of those funds. Money market securities are valued using amortized cost, in accordance with Rule 2a-7 under the 1940 Act. Generally, amortized cost approximates the current fair value of a security, but since the value is not obtained from a quoted price in an active market, such securities held by Prime Series and Government Series are categorized as Level 2.

Local Government Investment Pool

The Academy had invested \$209,275 in the Colorado Surplus Asset Fund Trust (CSAFE) 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. CSAFE reports its underlying investments at amortized cost and is considered a qualifying external investment pool under GASB Statement 79. CSAFE operates similar to money market funds where each share is equal in value to \$1.00. The fair value of the position in the pools is the same as the value of the pooled shares.

COLORADO MILITARY ACADEMY, INC.

NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2023

**NOTE 3: CASH AND INVESTMENTS** (Continued)

**Investments** (Continued)

Local Government Investment Pool (Continued)

CSAFE is rated AAAM by Standard and Poor's. The designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. Substantially all securities are owned by the pools and held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by the pools. Investments of the pools comply with state statutes, consisting of U.S. Treasury bills, notes and note strips, repurchase agreements, U.S. Instrumentalities, Commercial Paper, Bank Deposits and Money Market Funds. CSAFE does not have any limitations or restrictions on participant withdrawals.

**Restricted Cash and Investments**

At June 30, 2023, cash and investments in the amount of \$108,671, is restricted for the Building Corporation.

**NOTE 4: CAPITAL ASSETS**

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

	Balance <u>June 30, 2022</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 2023</u>
<b>Governmental Activities</b>				
Capital Assets, Not Depreciated				
Land	\$ 1,242,000	\$ -	\$ -	\$ 1,242,000
Construction in Progress	-	-	-	-
Total Capital Assets, Not Depreciated	<u>1,242,000</u>	<u>-</u>	<u>-</u>	<u>1,242,000</u>
Capital Assets, Depreciated				
Building and Improvements	12,306,975	-	-	12,306,975
Equipment	55,542	-	-	55,542
Total Capital Assets, Depreciated	<u>12,362,517</u>	<u>-</u>	<u>-</u>	<u>12,362,517</u>

COLORADO MILITARY ACADEMY, INC.

NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2023

**NOTE 4: CAPITAL ASSETS** (Continued)

	Balance <u>June 30, 2022</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 2023</u>
<b>Governmental Activities</b>				
Building and Improvements	2,009,168	410,233	-	2,419,401
Equipment	<u>26,366</u>	<u>7,004</u>	<u>-</u>	<u>33,370</u>
Total Accumulated Depreciation	<u>2,035,534</u>	<u>417,237</u>	<u>-</u>	<u>2,452,771</u>
Total Net Capital Assets, Depreciated	<u>10,326,983</u>	<u>(417,237)</u>	<u>-</u>	<u>9,909,746</u>
<b>Total Net Capital Assets</b>	<b><u>\$ 11,568,983</u></b>	<b><u>\$ (417,237)</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 11,151,746</u></b>

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

**NOTE 5: 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 ten months. The salaries and benefits earned, but unpaid, as of June 30, 2023, were \$200,713 in the General Fund.

**NOTE 6: LONG-TERM DEBT**

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

	Balance <u>June 30, 2022</u>	<u>Additions</u>	<u>Payments</u>	Balance <u>June 30, 2023</u>	Due In <u>One Year</u>
Series 2021 Bond	\$ 18,697,114	\$ -	\$ -	\$ 18,697,114	\$ 30,125
Bond Discount	<u>(934,856)</u>	<u>-</u>	<u>23,971</u>	<u>(910,885)</u>	<u>-</u>
<b>Total</b>	<b><u>\$ 17,762,258</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 23,971</u></b>	<b><u>\$ 17,786,229</u></b>	<b><u>\$ 30,125</u></b>

COLORADO MILITARY ACADEMY, INC.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

**NOTE 6: LONG-TERM DEBT** (Continued)

**Bond Payable**

In July 2021, the Arizona Industrial Development Authority issued \$18,697,114 Education Facility Revenue Bonds, Series 2021. Proceeds from the bonds will be used for the acquisition of the facility and multiple phases of improvements to the facility. Principal payments are due monthly on the first of each month beginning July 1, 2022 while interest payments are due monthly on the first of each month beginning September 1, 2021 with interest accruing at 5.900% for Series 2021A and 6.277% for Series 2022B. The bonds will mature in 2061.

Future debt service requirements for the loans are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 30,125	\$ 1,121,818	\$ 1,151,943
2025	31,933	1,120,011	1,151,944
2026	33,849	1,118,095	1,151,944
2027	35,879	1,116,064	1,151,943
2028	38,032	1,113,911	1,151,943
2029 - 2033	342,448	5,529,456	5,871,904
2034 - 2038	893,073	5,361,720	6,254,793
2039 - 2043	1,554,424	5,019,425	6,573,849
2044 - 2048	2,457,788	4,451,395	6,909,183
2049 - 2053	3,685,952	3,575,669	7,261,621
2054 - 2058	5,349,755	2,282,291	7,632,036
2059 - 2061	<u>4,243,856</u>	<u>520,985</u>	<u>4,764,841</u>
<b>Total</b>	<b><u>\$ 18,697,114</u></b>	<b><u>\$ 32,330,830</u></b>	<b><u>\$ 51,027,944</u></b>

COLORADO MILITARY ACADEMY, INC.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023

**NOTE 7: DEFINED BENEFIT PENSION PLAN**

**Summary of Significant Accounting Policies**

*Pensions.* The Academy 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 Academy are provided with pensions through the SCHDTF—a cost-sharing multiple-employer defined benefit pension plan administered by PERA. Plan benefits are specified in Title 24, Article 51 of the Colorado Revised Statutes (C.R.S.), administrative rules set forth at 8 C.C.R. 1502-1, and applicable provisions of the federal Internal Revenue Code. Colorado State law provisions may be amended from time to time by the Colorado General Assembly.

PERA issues a publicly available annual comprehensive financial report (ACFR) that can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

Benefits provided as of December 31, 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.

COLORADO MILITARY ACADEMY, INC.

NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2023

**NOTE 7: DEFINED BENEFIT PENSION PLAN**(Continued)

**General Information about the Pension Plan** (Continued)

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

- Highest average salary multiplied by 2.5% 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 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 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.

COLORADO MILITARY ACADEMY, INC.

NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2023

**NOTE 7: DEFINED BENEFIT PENSION PLAN** (Continued)

**General Information about the Pension Plan** (Continued)

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 Academy 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:

	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%
<b>Total employer contribution rate to the SCHDTF</b>	<b>20.38%</b>

\*\* 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 Academy is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from the Academy were \$525,441 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.

COLORADO MILITARY ACADEMY, INC.

NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2023

**NOTE 7: DEFINED BENEFIT PENSION PLAN**(Continued)

**General Information about the Pension Plan** (Continued)

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.

**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 Academy's proportion of the net pension liability was based on the Academy'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 Academy reported a liability of \$6,257,592 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 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:

The Academy's proportionate share of the net pension liability	\$6,257,592
The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the Academy.	1,412,042
Total	\$7,669,634

At December 31, 2022, the Academy's proportion was .03436%, which was a decrease of .001596% from its proportion measured as of December 31, 2021.

COLORADO MILITARY ACADEMY, INC.

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 Academy recognized pension expense of \$502,954 and revenue of \$166,048 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:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$59,221	N/A
Changes of assumptions or other inputs	110,842	N/A
Net difference between projected and actual earnings on pension plan investments	840,625	N/A
Changes in proportion and differences between contributions recognized and proportionate share of contributions	815,746	\$1,686,842
Contributions subsequent to the measurement date	257,649	N/A
Total	\$2,084,083	\$1,686,632

\$257,649 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:

<b>Year ended June 30:</b>	
2024	\$163,007
2025	(\$446,311)
2026	(\$65,919)
2027	\$488,954

COLORADO MILITARY ACADEMY, INC.

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 <sup>1</sup>	Financed by the AIR

<sup>1</sup> 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.

COLORADO MILITARY ACADEMY, INC.

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.

COLORADO MILITARY ACADEMY, INC.

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)

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%
<b>Total</b>	<b>100.00%</b>	

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.

COLORADO MILITARY ACADEMY, INC.

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)

- 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 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.

COLORADO MILITARY ACADEMY, INC.

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)

- 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.

*Sensitivity of the Academy’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	\$8,189,036	\$6,257,592	\$4,644,639

*Pension plan fiduciary net position.* Detailed information about the SCHDTF’s FNP is available in PERA’s ACFR which can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

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

**Summary of Significant Accounting Policies**

*OPEB.* The Academy 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.

COLORADO MILITARY ACADEMY, INC.

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**

Investments are reported at fair value.

*Plan description.* Eligible employees of the Academy 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](http://www.copera.org/investments/pera-financial-reports).

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

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

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

COLORADO MILITARY ACADEMY, INC.

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.

*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 HCTF or the DPS HCTF pays an alternate service-based premium subsidy. Each individual retiree meeting these conditions receives the maximum \$230 per month subsidy reduced appropriately for service less than 20 years, as described above. Retirees who do not have Medicare Part A pay the difference between the total premium and the monthly subsidy.

COLORADO MILITARY ACADEMY, INC.

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)

*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 Academy is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the Academy were \$26,305 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 Academy reported a liability of \$213,306 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 Academy's proportion of the net OPEB liability was based on the Academy'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 Academy's proportion was 0.02612%, which was a decrease of 0.000673% from its proportion measured as of December 31, 2021.

COLORADO MILITARY ACADEMY, INC.

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)**

For the year ended June 30, 2023, the Academy recognized OPEB income of \$63,703. At June 30, 2023, the Academy 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	\$28	\$51,584
Changes of assumptions or other inputs	3,428	23,542
Net difference between projected and actual earnings on OPEB plan investments	13,028	N/A
Changes in proportion and differences between contributions recognized and proportionate share of contributions	97,259	47,955
Contributions subsequent to the measurement date	13,410	N/A
Total	\$127,153	\$123,081

\$13,410 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:

<b>Year ended:</b>	
2024	\$4,446
2025	\$1,732
2026	\$2,078
2027	(\$4,476)
2028	(\$12,751)
Thereafter	(\$367)

COLORADO MILITARY ACADEMY, INC.

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			

COLORADO MILITARY ACADEMY, INC.

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**

<b><u>Participant Age</u></b>	<b><u>Annual Increase (Male)</u></b>	<b><u>Annual Increase (Female)</u></b>
65-69	3.0%	1.5%
70	2.9%	1.6%
71	1.6%	1.4%
72	1.4%	1.5%
73	1.5%	1.6%
74	1.5%	1.5%
75	1.5%	1.4%
76	1.5%	1.5%
77	1.5%	1.5%
78	1.5%	1.6%
79	1.5%	1.5%
80	1.4%	1.5%
81 and older	0.0%	0.0%

COLORADO MILITARY ACADEMY, INC.

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.

COLORADO MILITARY ACADEMY, INC.

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:

<b>Year</b>	<b>PERACare Medicare Plans</b>	<b>Medicare Part A Premiums</b>
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.

COLORADO MILITARY ACADEMY, INC.

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.

COLORADO MILITARY ACADEMY, INC.

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

Post-retirement 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.

COLORADO MILITARY ACADEMY, INC.

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 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 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.

COLORADO MILITARY ACADEMY, INC.

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)

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%
<b>Total</b>	<b>100.00 %</b>	

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 Academy's proportionate share of the net OPEB liability to changes in the Health Care Cost Trend Rates.* The following presents the net OPEB liability using the current health care cost trend rates applicable to the PERA benefit structure, as well as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rates:

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Initial PERACare Medicare trend rate <sup>1</sup>	5.25%	6.25%	7.25%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	3.00%	4.00%	5.00%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability	\$207,268	\$213,306	\$219,875

<sup>1</sup>For the January 1, 2023, plan year.

COLORADO MILITARY ACADEMY, INC.

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)

*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 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.

COLORADO MILITARY ACADEMY, INC.

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)

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	\$247,284	\$213,306	\$184,243

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

**NOTE 9: 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.

**Tabor Amendment**

In November 1992, Colorado voters passed the Tabor Amendment to the State Constitution, which limits state and local government tax powers and imposes spending limitations. Fiscal year 1993 provides the basis for limits in future years to which may be applied allowable increases for inflation and student enrollment.

COLORADO MILITARY ACADEMY, INC.

NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2023

**NOTE 9:**     *COMMITMENTS AND CONTINGENCIES* (Continued)

**Tabor Amendment** (Continued)

Revenue received in excess of the limitations may be required to be refunded. The School believes it has complied with the Amendment. As required by the Amendment, the School has established a reserve for emergencies. At June 30, 2023, the reserve of \$199,129 was recorded as a reservation of fund balance in the General Fund.

**NOTE 10:**   *DEFICIT NET POSITION*

The net position of the governmental activities is in a deficit position in the amount of \$10,561,757 due to the School including its Net Pension Liability and Net OPEB liability per the requirements of GASB Statement Nos. 68 and 75.

**NOTE 11:**   *SUBSEQUENT EVENTS*

Potential subsequent events were considered through December 6, 2023. It was determined that the no events were required to be disclosed through this date.

**REQUIRED SUPPLEMENTARY INFORMATION**

COLORADO MILITARY ACADEMY, INC.

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

Year Ended June 30, 2023

	2023			VARIANCE Positive (Negative)
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	
<b>REVENUES</b>				
Local Sources				
Per Pupil Operating Revenue	\$ 6,450,508	\$ 6,483,467	\$ 6,294,822	\$ (188,645)
Mill Levy Override	565,718	605,880	590,987	(14,893)
Tuition and Fees	40,000	55,000	62,609	7,609
Charges for Services	65,000	109,700	103,146	(6,554)
Grants and Donations	10,001	17,855	26,282	8,427
Earnings on Investments	300	300	7,429	7,129
Other Revenue	-	46,410	23,009	(23,401)
Federal and State Sources				
Grants and Donations	688,445	979,421	946,624	(32,797)
<b>TOTAL REVENUES</b>	<u>7,819,972</u>	<u>8,298,033</u>	<u>8,054,908</u>	<u>(243,125)</u>
<b>EXPENDITURES</b>				
Instruction				
Salaries	2,168,774	2,225,213	1,911,081	314,132
Employee Benefits	780,319	725,304	741,513	(16,209)
Purchased Services	673,000	699,800	983,355	(283,555)
Supplies and Materials	110,700	222,112	155,749	66,363
Total Instruction	<u>3,732,793</u>	<u>3,872,429</u>	<u>3,791,698</u>	<u>80,731</u>
Supporting Services				
Salaries	694,215	771,342	709,589	61,753
Employee Benefits	293,270	239,670	243,030	(3,360)
Purchased Services	2,532,930	2,638,218	1,948,830	689,388
Supplies and Materials	234,300	291,300	282,067	9,233
Property	50,000	195,500	113,114	82,386
Other	282,464	289,574	38,998	250,576
Total Supporting Services	<u>4,087,179</u>	<u>4,425,604</u>	<u>3,335,628</u>	<u>1,089,976</u>
<b>TOTAL EXPENDITURES</b>	<u>7,819,972</u>	<u>8,298,033</u>	<u>7,127,326</u>	<u>1,170,707</u>
<b>FUND BALANCES</b>	-	-	927,582	(927,582)
FUND BALANCE, Beginning	<u>658,878</u>	<u>658,878</u>	<u>658,878</u>	-
FUND BALANCE, Ending	<u>\$ 658,878</u>	<u>\$ 658,878</u>	<u>\$ 1,586,460</u>	<u>\$ 927,582</u>

See the accompanying independent auditors' report.

COLORADO MILITARY ACADEMY, INC.  
 SCHEDULE OF THE SCHOOL'S PROPORTIONATE SHARE  
 SCHOOL DIVISION TRUST FUND

Years Ended June 30,

	2017	2018	2019	2020	2021	2022
School's proportionate share of the Net Pension Liability	0.040%	0.043%	0.040%	0.048%	0.050%	0.034%
School's proportionate share of the Net Pension Liability	\$ 13,003,917	\$ 7,531,179	\$ 5,944,414	\$ 7,202,917	\$ 5,856,593	\$ 6,257,596
School's covered payroll	\$ 927,522	\$ 2,401,179	\$ 2,345,072	\$ 2,545,391	\$ 3,138,107	\$ 2,651,981
School's proportionate share of the Net Pension Liability as a percentage of its covered payroll	1402.0%	313.6%	253.5%	283.0%	186.6%	236.0%
Plan fiduciary net position as a percentage of the total pension liability	44.0%	57.0% #	64.5%	67.0%	74.9%	61.8%

Note: Information above is presented as of the measurement date.

See the accompanying independent auditors' report.

COLORADO MILITARY ACADEMY, INC.

SCHEDULE OF THE SCHOOL'S CONTRIBUTIONS  
SCHOOL DIVISION TRUST FUND

Years Ended June 30,

	2018	2019	2020	2021	2022	2023
Statutorily required contributions	\$ 380,062	\$ 459,564	\$ 456,893	\$ 566,334	\$ 597,545	\$ 552,441
Contributions in relation to the Statutorily required contributions	380,062	459,564	456,893	566,334	597,545	552,441
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
School's covered payroll	\$ 2,011,033	\$ 2,401,179	\$ 2,365,020	\$ 2,848,765	\$ 3,005,753	\$ 2,578,757
Contributions as a percentage of covered payroll	18.90%	19.14%	19.32%	19.88%	19.88%	21.42%

See the accompanying independent auditors' report.

COLORADO MILITARY ACADEMY, INC.  
 SCHEDULE OF THE SCHOOL'S PROPORTIONATE SHARE  
 HEALTH CARE TRUST FUND

Years Ended June 30,

	2017	2018	2019	2020	2021	2022
School's proportionate share of the Net Pension Liability	0.023%	0.028%	0.026%	0.028%	0.033%	0.026%
School's proportionate share of the Net Pension Liability	\$ 296,955	\$ 376,136	\$ 292,258	\$ (261,552)	\$ 283,343	\$ 213,306
School's covered payroll	\$ 939,981	\$ 2,401,179	\$ 2,345,072	\$ 2,545,391	\$ 3,138,107	\$ 2,651,981
School's proportionate share of the Net Pension Liability as a percentage of its covered payroll	31.6%	15.7%	12.5%	-10.3%	9.0%	8.0%
Plan fiduciary net position as a percentage of the total pension liability	18.00%	17.03%	24.49%	32.78%	39.40%	38.57%

Note: Information above is presented as of the measurement date.

See the accompanying independent auditors' report.

COLORADO MILITARY ACADEMY, INC.  
 SCHEDULE OF THE SCHOOL'S CONTRIBUTIONS  
 HEALTH CARE TRUST FUND

Years Ended June 30,

	2018	2019	2020	2021	2022	2023
Statutorily required contributions	\$ 20,513	\$ 24,493	\$ 24,122	\$ 29,059	\$ 30,659	\$ 26,305
Contributions in relation to the Statutorily required contributions	20,513	24,493	24,122	29,059	30,659	26,305
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
School's covered payroll	\$ 2,177,216	\$ 2,401,179	\$ 2,365,020	\$ 2,848,765	\$ 3,005,753	\$ 2,578,757
Contributions as a percentage of covered payroll	0.94%	1.02%	1.02%	1.02%	1.02%	1.02%

See the accompanying independent auditors' report.