

**Academy of Advanced Learning**  
*(A Component Unit of the Joint School District No. 28-J of the  
Counties of Adams and Arapahoe, Colorado)*  
**Aurora, Colorado**

**Financial Statements**  
with Independent Auditor's Report

**June 30, 2024**



**Academy of Advanced Learning**  
 (A Component Unit of the Joint School District No. 28-J of the  
 Counties of Adams and Arapahoe, Colorado)  
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 June 30, 2024

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COMPANY**  
Strategic <sup>PC</sup>  
Business Advisors

## Independent Auditor's Report

Board of Directors  
Academy of Advanced Learning  
Aurora, Colorado

### Report on the Audit of the Financial Statements

#### **Opinions**

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Academy of Advanced Learning (Third Future) (the School), for the year ended June 30, 2024, 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 present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the School, as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinions**

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

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

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

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In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the School's ability to continue as a going concern for one year after the date that the financial statements are issued or when applicable, one year after the date that the financial statements are available to be issued.

***Auditor's Responsibilities for the Audit of the Financial Statements***

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

In performing an audit in accordance with GAAS, we:

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

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



**Required Supplementary Information**

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

**Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School’s basic financial statements. The Combining Balance Sheet - General Fund and Combining Statement of Revenues, Expenditures and Changes In Fund Balances - General Fund are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Combining Balance Sheet - General Fund and Combining Statement of Revenues, Expenditures and Changes In Fund Balances - General Fund are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Combining Balance Sheet - General Fund and Combining Statement of Revenues, Expenditures and Changes In Fund Balances - General Fund are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*Hick & Company, PC*

Englewood, Colorado  
December 10, 2024



**Academy of Advanced Learning**  
*(A Component Unit of the Joint School District No. 28-J of the  
Counties of Adams and Broomfield)*  
**Management's Discussion and Analysis**  
June 30, 2024

Academy of Advanced Learning (AAL) is a component unit of the Aurora Public School District and one of two charter schools within the Third Future Schools (TFS) Colorado network. This Management's Discussion and Analysis (MD&A) offers readers a narrative overview and analysis of AAL's financial activities for the fiscal year ending June 30, 2024. We recommend reviewing this information in conjunction with the school's financial statements that follow this narrative.

### Financial Highlights:

- Fiscal year 2023-24 marked AAL's seventh year of operations in Aurora, Colorado.
- AAL's total net position decreased by \$5,645,680.
- Total liabilities reported on the Statement of Net Position increased by \$3,844,337 of this amount \$6,174,044 were attributed to long-term liabilities. The difference of (\$2,329,707) is attributed to a decrease in current liabilities.
- AAL ended the fiscal year with a General Fund Balance deficit of (\$999,989) which is a decrease of (\$1,522,437) compared to the prior fiscal year.
- The Governmental Fund reported total deficit fund balance of (\$704,865), unassigned (\$1,387,684) restricted \$501,613, and non-spendable fund balance \$181,206. Of the restricted fund balance \$295,124 is reported in the Building Fund for debt service.
- As part of the TFS network, AAL continues to benefit from economies of scale in administrative services and educational resources.

### Overview of the Financial Statements:

This discussion and analysis serves as an introduction to AAL's basic financial statements, which comprise three components:

1. Government-Wide Financial Statements:

The government-wide financial statements provide readers with a comprehensive overview of AAL's finances using accounting methods similar to those used by private-sector businesses. The statement of net position presents information about AAL's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the School is improving or deteriorating. The statement of activities demonstrates how AAL's net position changed during the 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 the related cash flows. Thus, revenues and

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**Management's Discussion and Analysis**  
June 30, 2024

expenses are reported in this statement for some items that will only result in cashflows in future fiscal periods. These statements together help assess the School's long-term financial sustainability.

2. Fund Financial Statements:

Funds are groupings of related accounts used to maintain control over resources segregated for specific activities or objectives. AAL uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The School maintains governmental funds to account for its basic services. These funds focus on near-term inflows and outflows of spendable resources and the balances of spendable resources available at the end of the fiscal year. This information may be useful in evaluating AAL's near-term financing requirements. Because the focus of the Governmental Fund statements is narrower than that of the Government-wide financial statements, it is useful to compare the information presented for the Governmental Funds with the similar information presented for the governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. The school maintains two Governmental Funds, the General Fund and Building Fund.

3. Notes to the Financial Statements:

The notes provide additional information essential to fully understand the data presented in the government-wide and fund financial statements.

4. Other information:

In addition to the basic financial statements and accompanying notes, the report also presents certain other required supplementary information. This section includes the budgetary comparison statement for the General Fund for which an annual budget is legally adopted as required by GASB No. 34.

**Academy of Advanced Learning**  
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Counties of Adams and Broomfield)  
Management's Discussion and Analysis  
June 30, 2024

**Financial Analysis:**

	2023	2024	Diff
<b>Statement of Net Position</b>			
Current and Other Assets	\$ 4,708,603	\$ 896,030	\$ (3,812,573)
Capital Assets - Net	17,329,360	15,913,543	(1,415,817)
Total Assets	<u>\$ 22,037,963</u>	<u>\$ 16,809,573</u>	<u>\$ (5,228,390)</u>
Deferred Outflows of Resources	<u>\$ 4,431,006</u>	<u>\$ 8,005,227</u>	<u>\$ 3,574,221</u>
Current and Other Liabilities	\$ 3,962,116	\$ 1,632,409	\$ (2,329,707)
Non Current Liabilities	33,314,047	39,488,091	6,174,044
Total Liabilities	<u>\$ 37,276,163</u>	<u>\$ 41,120,500</u>	<u>\$ 3,844,337</u>
Deferred Inflows of Resources	<u>\$ 229,174</u>	<u>\$ 376,348</u>	<u>\$ 147,174</u>
Net Position			
Net Investment in Capital Assets	\$ (191,655)	\$ (1,013,402)	\$ (821,747)
Restricted	470,046	470,099	53
Unrestricted	(11,314,759)	(16,138,745)	(4,823,986)
Total Net Position (deficit)	<u>\$ (11,036,368)</u>	<u>\$ (16,682,048)</u>	<u>\$ (5,645,680)</u>

**Government-Wide Financial Analysis**

The School's net position serves as a useful indicator of its financial position. At June 30, 2024, AAL's liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$16,682,048 resulting in a deficit net position at the close of the fiscal year ending June 30, 2024. This represents a decrease of \$5,645,680 from the previous year.

*Governmental Fund Financial Analysis*

As of June 30, 2024, AAL's governmental funds reported combined ending fund balances of (\$704,865), a decrease of \$1,482,809 from the prior year. Approximately (\$1,387,684) of this amount constitutes unassigned fund balance. Of the difference of \$682,819 is \$501,613 is restricted for emergencies and debt service and \$181,206 set aside as unspendable for deposits and prepaid items.

*Capital Assets and Long-Term Debt:*

AAL's investment in capital assets includes the school building, improvements, and right to use leased equipment. Total capital assets net of accumulated depreciation were \$15,913,543 at June

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**Management's Discussion and Analysis**  
 June 30, 2024

30, 2024. The School's long-term debt includes facility financing through bonds and right to use leases in the amount of \$16,926,945.

	<b>2023</b>	<b>2024</b>	<b>Diff</b>
<b>Capital Assets</b>	\$ 21,163,615	\$ 21,163,615	-
Accumulated Depreciation beg	(2,411,046)	(3,834,255)	(1,423,209)
Depreciation	(1,423,209)	(1,415,817)	7,392
Accumulated Depreciation end	<u>\$ (3,834,255)</u>	<u>\$ (5,250,072)</u>	<u>(1,415,817)</u>
Net of of Depreciation	<u>\$ 17,329,360</u>	<u>\$ 15,913,543</u>	<u>(1,415,817)</u>

### Economic Factors and Next Year's Budget:

Key factors influencing the 2024-25 budget include:

- Projected stable enrollment
- State per-pupil funding adjustments
- Continued investment in educational programs
- Strategic facility maintenance and improvements
- Network-wide operational efficiencies
- Authorizer change to the Charter School Institute

The School considers these factors when adopting its annual budget. AAL maintains a conservative budgeting approach while ensuring adequate resources for educational excellence.

This MD&A reflects AAL's position as both an individual charter school and a member of the Colorado TFS network, which benefits from network-wide resources and expertise.

## **Basic Financial Statements**

**Academy of Advanced Learning**  
(A Component Unit of the Joint School District No. 28-J of the  
Counties of Adams and Arapahoe, Colorado)  
Statement of Net Position  
June 30, 2024

	Governmental Activities
<b>Assets</b>	
Cash and Investments	\$ 33,432
Restricted Investments	345,124
Accounts Receivables	9,000
Due from District	84,247
Due from Related Parties	243,021
Deposits	62,000
Prepaid Expenditures	119,206
Capital Assets, <i>Net of Accumulated Depreciation</i>	15,913,543
<b>Total Assets</b>	<b>16,809,573</b>
<b>Deferred Outflows of Resources</b>	
Pensions, <i>Net of Accumulated Amortization</i>	7,722,608
OPEB, <i>Net of Accumulated Amortization</i>	282,619
Total Deferred Outflows of Resources	8,005,227
<b>Liabilities</b>	
Accounts Payable	749,204
Accrued Liabilities	28,412
Accrued Salaries and Benefits	565,662
Accrued Interest	31,514
Unearned Revenue	257,617
Noncurrent Liabilities	
Due in One Year	971,713
Due in More Than One Year	15,955,232
Net Pension Liability	22,028,950
Net OPEB Liability	532,196
Total Liabilities	41,120,500
<b>Deferred Inflows of Resources</b>	
Pensions, <i>Net of Accumulated Amortization</i>	210,831
OPEB, <i>Net of Accumulated Amortization</i>	165,517
Total Deferred Inflows of Resources	376,348
<b>Net Position</b>	
Net Investment in Capital Assets	(1,013,402)
Restricted for	
Emergencies	206,489
Debt Service	263,610
Unrestricted	(16,138,745)
Total Net Position	\$ (16,682,048)

See Notes to the Financial Statements.

**Academy of Advanced Learning**  
(A Component Unit of the Joint School District No. 28-J of the  
Counties of Adams and Arapahoe, Colorado)  
Statement of Activities  
For the Year Ended June 30, 2024

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position Governmental Activities
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Primary Government</b>					
<i>Governmental Activities</i>					
Instruction	\$ 9,714,034	\$ 7,175,887	\$ 2,487,540	\$ -	\$ (50,607)
Supporting Services	16,255,436	-	(212,177)	311,813	(16,155,800)
Debt Service - Interest	757,959	-	-	-	(757,959)
Total Primary Government	<u>\$ 26,727,429</u>	<u>\$ 7,175,887</u>	<u>\$ 2,275,363</u>	<u>\$ 311,813</u>	<u>(16,964,366)</u>
<b>General Revenues</b>					
Per Pupil Revenue					8,883,512
District Mill Levy					2,314,152
Investment Income					22,101
Other Revenue					98,921
Total General Revenues					<u>11,318,686</u>
Change in Net Position					(5,645,680)
<b>Net Position, Beginning of Year</b>					<u>(11,036,368)</u>
<b>Net Position, End of Year</b>					<u>\$ (16,682,048)</u>

**Academy of Advanced Learning**  
(A Component Unit of the Joint School District No. 28-J of the  
Counties of Adams and Arapahoe, Colorado)  
Balance Sheet  
Governmental Fund  
June 30, 2024

	General	Building	Total
<b>Assets</b>			
Cash and Investments	\$ 33,432	\$ -	\$ 33,432
Restricted Cash and Investments	50,000	295,124	345,124
Accounts Receivable	9,000	-	9,000
Due from District	84,247	-	84,247
Due from Related Parties	243,021	-	243,021
Prepaid Expenditures	119,206	-	119,206
Deposits	62,000	-	62,000
 Total Assets	 \$ 600,906	 \$ 295,124	 \$ 896,030
<b>Liabilities and Fund Balance</b>			
<i>Liabilities</i>			
Accounts Payable	\$ 749,204	\$ -	\$ 749,204
Accrued Liabilities	28,412	-	28,412
Accrued Salaries	565,662	-	565,662
Unearned Revenue	257,617	-	257,617
 Total Liabilities	 1,600,895	 -	 1,600,895
<i>Fund Balance</i>			
Nonspendable:			
Prepaid Expenditures	119,206	-	119,206
Deposits	62,000	-	62,000
Restricted for:			
Emergencies	206,489	-	206,489
Debt Service	-	295,124	295,124
Unrestricted, Unassigned	(1,387,684)	-	(1,387,684)
 Total Fund Balance	 (999,989)	 295,124	 (704,865)
 Total Liabilities and Fund Balance	 \$ 600,906	 \$ 295,124	 \$ 896,030

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

Total Fund Balance of the Governmental Fund \$ (704,865)

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds. 15,913,543

Long-term liabilities and related items are not reported in governmental funds:

Long-Term Debt	(8,430,000)
Accrued Interest	(31,514)
Lease Liabilities	(8,496,945)
Net pension liability	(22,028,950)
Pension-related deferred outflows of resources	7,722,608
Pension-related deferred inflows of resources	(210,831)
Net OPEB liability	(532,196)
OPEB-related deferred outflows of resources	282,619
OPEB-related deferred inflows of resources	(165,517)

Total Net Position of Governmental Activities \$ (16,682,048)

**Academy of Advanced Learning**  
(A Component Unit of the Joint School District No. 28-J of the  
Counties of Adams and Arapahoe, Colorado)  
Statement of Revenues, Expenditures and Changes in Fund Balance  
Governmental Fund  
For the Year Ended June 30, 2024

	General	Building	Total
<b>Revenues</b>			
<i>Local Sources</i>			
District Mill Levy	\$ 2,314,152	\$ -	\$ 2,314,152
Charges for Services	7,175,887	-	7,175,887
Lease Income	-	502,868	502,868
Contributions and Grants	2,021,056	13,159	2,034,215
Investment Income	-	22,101	22,101
Miscellaneous	99,171	(250)	98,921
<i>State Sources</i>			
Per Pupil Revenue	8,883,512	-	8,883,512
Capital Construction	311,813	-	311,813
Grants	464,807	-	464,807
<i>Federal Sources</i>			
Grants	(232,071)	-	(232,071)
 Total Revenues	 21,038,327	 537,878	 21,576,205
<b>Expenditures</b>			
Instruction	7,838,326	-	7,838,326
Supporting Services	13,833,436	35,280	13,868,716
Debt Service			
Principal	469,070	125,000	594,070
Interest and Fees	380,414	377,488	757,902
 Total Expenditures	 22,521,246	 537,768	 23,059,014
 <b>Net Change in Fund Balance</b>	 (1,482,919)	 110	 (1,482,809)
 <b>Fund Balance, Beginning of Year</b>	 482,930	 295,014	 777,944
 <b>Fund Balance, End of Year</b>	 \$ (999,989)	 \$ 295,124	 \$ (704,865)

**Academy of Advanced Learning**  
*(A Component Unit of the Joint School District No. 28-J of the  
 Counties of Adams and Arapahoe, Colorado)*  
**Reconciliation of the Statement of Revenues, Expenditures and Changes  
 in Fund Balance of the Governmental Fund to the Statement of Activities  
 For the Year Ended June 30, 2024**

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

Net Change in Fund Balance of the Governmental Fund	\$ (1,482,809)
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:</p>	
Depreciation and Amortization expense	(1,415,817)
<p>Repayment of debt principal are expenditures in governmental funds, but the repayments reduce long-term liabilities in the statement of net position and do not affect the statement of activities</p>	
Note Principal Payments	125,000
Lease Principal Payments	469,070
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. This includes the change in:</p>	
Accrued interest	(57)
Net pension liability	(6,755,867)
Pension-related deferred outflows of resources	3,581,214
Pension-related deferred inflows of resources	(97,847)
Net OPEB liability	(12,247)
OPEB-related deferred outflows of resources	(6,993)
OPEB-related deferred inflows of resources	<u>(49,327)</u>
Change in Net Position of Governmental Activities	<u>\$ (5,645,680)</u>

**Academy of Advanced Learning**  
*(A Component Unit of the Joint School District No. 28-J of the  
Counties of Adams and Arapahoe, Colorado)*  
Notes to Financial Statements  
June 30, 2024

**Note 1: Summary of Significant Accounting Policies**

**Nature of Operations**

The Academy of Advanced Learning (the School) was formed in 2016 pursuant to the Colorado Charter Schools Act to form and operate a charter school. On July 1, 2016, the School entered into a contract with the Joint School District No. 28-J of the Counties of Adams and Arapahoe, Colorado (the Aurora Public School District or the District) pursuant to the Colorado Charter School Act, for an initial term of five years. The current contract expires on June 30, 2024.

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

**Reporting Entity**

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

Based on the application of this criteria, the School includes the following organization within its reporting entity:

Third Future Schools Building Corporation and Blackhawk Building Corporation.

Third Future Schools Building Corporation and the Blackhawk Building Corporation (the Corporations), blended component units, were formed to support the School to perform its function and to carry out its purpose, specifically to provide a mechanism to issue debt on behalf of the School. The Corporations are considered to be part of the School for financial reporting purposes because their resources are entirely for the benefit of the School. The activities of the Third Future Schools Building Corporation are blended in the School's General Fund. The Blackhawk Building Corporation is considered to be part of the School for financial reporting purposes because its resources are entirely for the direct benefit of the School and is blended into the School's financial statements as a special revenue fund called the Building Fund. The Corporations have no financial balances or transactions outside of those reported by the School and therefore, is not reported separately in the financial statements. The Corporations do not issue separate financial statements.

The School is a component unit of the Aurora Public School District.

**Academy of Advanced Learning**  
*(A Component Unit of the Joint School District No. 28-J of the  
Counties of Adams and Arapahoe, Colorado)*  
Notes to Financial Statements  
June 30, 2024

**Note 1: Summary of Significant Accounting Policies (Continued)**

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

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

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

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

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

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

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

**Academy of Advanced Learning**  
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**Note 1: Summary of Significant Accounting Policies (Continued)**

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

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.

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

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

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

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

*Building Fund* - This fund is used to account for the financial activities of the Blackhawk Building Corporation, which are primarily for capital purposes and the related debt service.

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

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

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

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

*Capital Assets* - Capital assets, which include property and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the School as assets with an initial, individual cost of more than \$10,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

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**Note 1: Summary of Significant Accounting Policies (Continued)**

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

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Depreciation of exhaustible capital assets is charged as an expense against operations, and accumulated depreciation is reported on the statement of net position in the government- wide financial statements. Property and equipment of the School is depreciated using the straight-line method over the following estimated useful lives.

Capital assets are amortized or depreciated using the straight-line method over the life of the related lease agreement or the estimated useful lives, as follows:

Building and Improvements	15 - 30 years
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*Unearned Revenues* - The deferred revenues include amounts received but not yet available for expenditure.

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

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

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

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

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**Note 1: Summary of Significant Accounting Policies (Continued)**

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

*Pensions* - The School participates in the School Division Trust Fund (SCHDTF), a cost-sharing multiple-employer defined benefit pension plan administered by the Public Employees' Retirement Association of Colorado (PERA). The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position (FNP), and additions to/deductions from the FNP of the SCHDTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

*Postemployment Benefits Other Than Pensions (OPEB)* - The School participates in the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit OPEB fund administered by the Public Employees' Retirement Association of Colorado (PERA). The net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, information about the fiduciary net position (FNP), and additions to/deductions from the FNP of the HCTF's have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefits paid on behalf of health care participants are recognized when due and/or payable in accordance with the benefit terms. Investments are reported at fair value.

*Compensated Absences* - The School's policy allows employees to accumulate paid time off. Employees who resign or terminate employment will be paid for their unused paid time off up to a maximum of 8 days provide they have completed five or more years of service to the School. At June 30, 2023, no liability has been accrued for these compensated absences.

*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.

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**Note 1: Summary of Significant Accounting Policies** (Continued)

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

*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 either because they are not in a spendable form or because they are legally or contractually required to be maintained intact. The School reports deposits as nonspendable at June 30, 2023.
- **Restricted** - This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), granters, 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 spendable fund balance amounts that are intended to be used for a specific purpose that are neither considered 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 fund balance.

**Risk Management**

The School is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, injuries to employees, and natural disasters. The School purchases commercial insurance for these risks of loss. Settled claims have not exceeded this coverage in the last three years.

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**Note 1: Summary of Significant Accounting Policies (Continued)**

**Income Taxes**

The School is a tax-exempt entity under section 501(c)3 of the US Internal Revenue Code. The School's tax filings are subject to audit by various taxing authorities. The School believes it has no significant uncertain tax provisions for the year ended June 30, 2024.

**Subsequent Events**

The School evaluated subsequent events through December 6, 2024, the date the financial statements were available to be issued.

**Note 2: Cash and Investments**

Cash and Investments at June 30, 2024 consisted of the following:

Petty Cash	\$	900
Deposits		32,532
Cash with Fiscal Agents		50,000
Investments		<u>295,124</u>
	\$	<u><u>378,556</u></u>

**Deposits**

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

The School utilizes a pooled cash process, as part of the TFS Networks. Deposits are held at a single operating bank account for the Network's two schools: Academy of Advanced Learning and Coperni 3.

At June 30, 2024 the School's balance in equity in pooled cash was \$32,532. The bank balances with the financial institutions were \$27,819. Of these balances, \$250,000 was covered by federal depository insurance.

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**Note 2: Cash and Investments (Continued)**

**Investments**

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

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

The School measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognized a three-tiered fair value hierarchy, as follows:

- Level 1: Quoted prices for identical investments in active markets,
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities; and,
- Level 3: Unobservable inputs.

At June 30, 2024, the School had the following Investments maturities and fair value measurements:

*Interest Rate Risk* - State statutes generally limit investments to an original maturity of five years unless the governing board authorizes the investment for a period in excess of five years. 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* - State statutes limit certain investments to those with specified ratings from nationally recognized statistical rating organizations, depending on the type of investment. The School does not have a formal investment policy to limit credit risk. However, the School follows state statutes regarding investments.

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**Note 2: Cash and Investments (Continued)**

**Investments** (Continued)

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

**Local Government Investment Pools**

The School has invested \$295,124 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.

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, 2024, the School had deposits in the amount of \$50,000 that are restricted to comply with the charter contract with the District. These deposits are maintained by the District in a segregated account in the amount of \$100,000 which is equally funded by the two parties. The account is restricted to be used to respond to special education due process and Section 504 hearing requests.

At June 30, 2024, cash and investments in the amount of \$295,124 are restricted for debt service and capital projects requirements.

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**Note 3: Capital Assets**

Changes in capital assets for the year ended June 30, 2024, are summarized below. Depreciation and amortization are combined in the following table.

	Balance 06/30/23	Additions	Deletions	Balance 06/30/24
<i>Capital Assets, Being Depreciated</i>				
Building	\$ 7,638,673	\$ -	\$ -	\$ 7,638,673
Leasehold Improvements	3,414,446	-	-	3,414,446
Equipment	12,321	-	-	12,321
Right-to-use Leased Assets	10,098,175	-	-	10,098,175
Total Capital Assets, <i>Being Depreciated</i>	<u>21,163,615</u>	<u>-</u>	<u>-</u>	<u>21,163,615</u>
<i>Less: Accumulated Depreciation</i>				
Building	(763,867)	(254,623)	-	(1,018,490)
Leasehold Improvements	(1,192,473)	(227,630)	-	(1,420,103)
Equipment	(12,321)	-	-	(12,321)
<i>Less: Accumulated Amortization</i>				
Right-to-use Leased Assets	(1,865,594)	(933,564)	-	(2,799,158)
Total Accumulated Depreciation and Amortization	<u>(3,834,255)</u>	<u>(1,415,817)</u>	<u>-</u>	<u>(5,250,072)</u>
Governmental Activities Capital Assets, <i>net</i>	<u>\$ 17,329,360</u>	<u>\$ (1,415,817)</u>	<u>\$ -</u>	<u>\$ 15,913,543</u>

Depreciation and amortization expenses were charged to the supporting services program.

**Note 4: Long-Term Debt**

Following is a summary of long-term debt transactions for the year ended June 30, 2024:

	Balance 06/30/23	Additions	Payments	Balance 06/30/24	Due Within One Year
<i>Governmental Activities</i>					
Series 2020 Charter School Revenue Bonds	\$ 8,555,000	\$ -	\$ (125,000)	\$ 8,430,000	\$ 135,000
Right-to-use Leases	8,966,015	-	(469,070)	8,496,945	836,713
	<u>\$ 17,521,015</u>	<u>\$ -</u>	<u>\$ (594,070)</u>	<u>\$ 16,926,945</u>	<u>\$ 971,713</u>

**Series 2020 Charter School Revenue Bonds**

On August 13, 2020, the Colorado Educational and Cultural Facilities Authority (CECFA) issued Charter School Revenue Bonds, Series 2020A in the amount of \$8,420,000 and Series 2020B in the amount of \$135,000. Proceeds of the bonds were used to purchase the School's facility and to make capital improvements. The School is required to make lease payments to the Blackhawk Building Corporation for the use of the building and the Blackhawk Building Corporation is required to make equal payments to the Trustee, for payment of the bonds.

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**Note 4: Long-Term Debt** (Continued)

**Series 2020 Charter School Revenue Bonds** (Continued)

The Series 2020A bonds carry an interest rate of 4.375% and the Series 2020B bonds carry an interest rate of 6.75%. Semi-annual interest payments are due on December 1 and June 1. Annual principal payments are due on June 1 beginning on June 1, 2024 through 2026. A final balloon payment in the amount of the then outstanding principal balance and all accrued interest is due on June 1, 2027.

Bonds maturing on June 1, 2025 are subject to mandatory sinking fund redemption at a redemption price equal to 100% of the principal amount thereof plus accrued interest thereon to the redemption date. The Blackhawk Building Corporation is required to deposit funds into the bond principal fund and bond interest fund sufficient to redeem the principal and interest amounts when due.

Bonds maturing on June 1, 2027 are subject to mandatory sinking fund redemption at a redemption price equal to 100% of the principal amount thereof plus accrued interest thereon to the redemption date. The Blackhawk Building Corporation is required to deposit funds into the bond principal fund and bond interest fund sufficient to redeem the principal and interest amounts when due.

The Series 2020 Charter School Revenue Bonds require the School to meet certain financial covenants. These covenants are tested at June 30 of the year and a certification whether the balances required have been met. At June 30, 2024, the School was required to maintain a coverage ratio of 1.1, maintain emergency reserves as required under Article X, Section 20(5) (TABOR), maintain cash on hand of not less than 40 days, and maintain cumulative unrestricted cash reserves sufficient to meet all accrued and unrestricted salary obligations of the School. At June 30, 2024, the School did not meet its financial covenants.

The Series 2020 Charter School Revenue Bonds require the School to meet certain financial covenants. These covenants are tested at June 30 of the year and a certification whether the balances required have been met. At June 30, 2024, the School was required to maintain a coverage ratio of 1.1, maintain emergency reserves as required under Article X, Section 20(5) (TABOR), maintain cash on hand of not less than 40 days, and maintain cumulative unrestricted cash reserves sufficient to meet all accrued and unrestricted salary obligations of the School. At June 30, 2024, the School does not meet its cash on hand and unrestricted cash reserves covenants.

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**Note 4: Long-Term Debt** (Continued)

**Series 2020 Charter School Revenue Bonds** (Continued)

Future debt service requirements are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 135,000	\$ 369,050	\$ 504,050
2026	140,000	362,906	502,906
2027	<u>8,155,000</u>	<u>356,782</u>	<u>8,511,782</u>
Total	<u>\$ 8,430,000</u>	<u>\$ 1,088,738</u>	<u>\$ 9,518,738</u>

**Building and Land Leases**

The School entered into a lease agreement with PTT Properties, LLC (the landlord) for the School's building and surrounding land. The School is required to make monthly lease payments ranging from \$17,333 to \$55,449 to the Landlord through June 30, 2032. Total lease liability under this lease was \$5,399,222 and the balance at June 30, 2024 was \$4,572,230. The interest rate implied in the leases is calculated at 4.25%.

In July, 2020, the School entered into a lease agreement for an additional property with 1556 Investments LLC. The School is required to make monthly lease payments ranging from \$28,368 to \$51,097 to 1556 Investments LLC through June 30, 2032. Total lease liability under this lease was \$5,017,214 and the balance at June 30, 2024 was \$4,915,579. The interest rate implied in the leases is calculated at 4.25%.

**Copier Lease Agreements**

Between October 2021 and June 2022, the School entered into various lease agreements with Xerox to lease copiers. Total lease liability under these leases was \$64,134 and the balance at June 30, 2024 was \$9,136. The interest rate implied in the leases is calculated at 8.5%. The lease payment schedules require the School to make monthly lease payments of \$2,124.

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**Note 4: Long-Term Debt** (Continued)

**Copier Lease Agreements** (Continued)

Annual requirements to amortize long-term obligations and related interest for the School's building and copier leases are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 836,712	\$ 345,067	\$ 1,181,779
2026	882,237	308,546	1,190,783
2027	958,522	269,578	1,228,100
2028	1,023,837	228,173	1,252,010
2029	1,094,348	182,704	1,277,052
2030-2032	<u>3,701,289</u>	<u>247,818</u>	<u>3,949,107</u>
Total	<u>\$ 8,496,945</u>	<u>\$ 1,581,886</u>	<u>\$ 10,078,831</u>

**Note 5: Defined Benefit Pension Plan**

**General Information**

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

*Benefits provided as of December 31, 2023* - 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 percent match on eligible amounts as of the retirement date. This amount is then annualized into a monthly benefit based on life expectancy and other actuarial factors.

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**Note 5: Defined Benefit Pension Plan (Continued)**

**General Information** (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 percent of the highest average salary and cannot exceed the maximum benefit allowed by the federal Internal Revenue Code.

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

Upon meeting certain criteria, benefit recipients who elect to receive a lifetime retirement benefit generally receive post-retirement cost-of-living adjustments, referred to as annual increases in the C.R.S. Subject to the automatic adjustment provision (AAP) under C.R.S. § 24-51-413, eligible benefit recipients under the PERA benefit structure who began membership before January 1, 2007, and all eligible benefit recipients of the DPS benefit structure will receive the maximum annual increase (AI) or AI cap of 1.00% 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 a disability. The disability benefit amount is based on the lifetime retirement benefit formula(s) shown above considering a minimum of 20 years of service credit, if deemed disabled.

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

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**Note 5: Defined Benefit Pension Plan (Continued)**

**General Information** (Continued)

*Contributions provisions as of June 30, 2024* - Eligible employees of the School and the State are required to contribute to the SCHDTF at a rate set by Colorado statute. The contribution requirements for the SCHDTF are established under C.R.S. § 24-51-401, *et seq.* and § 24-51-413. Eligible employees are required to contribute 11.00% of their PERA-includable salary during the period of **July 01, 2023** through June 30, 2024. The School's contribution rate was 21.40% of covered salaries for **July 01, 2023** through June 30, 2024. However, a portion of the School's contribution (1.02% of covered salaries) is allocated to the Health Care Trust Fund (See Note 6). Contribution rates for the SCHDTF are expressed as a percentage of salary as defined in C.R.S. § 24-51-101(42).

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the School is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from the School were \$1,543,259, for the year ended June 30, 2024.

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 \$225 million (actual dollars) direct distribution each year to PERA starting on July 1, 2018. A portion of the direct distribution payment is allocated to the SCHDTF based on the proportionate amount of annual payroll of the SCHDTF to the total annual payroll of the SCHDTF, State Division Trust Fund, Judicial Division Trust Fund, and Denver Public Schools Division Trust Fund. The direct distribution from the State was suspended in 2020. To compensate PERA for the suspension, C.R.S. § 24-51-414(6-8) required restorative payment by providing an accelerated payment in 2022. In 2022, the State Treasurer issued payment for the direct distribution of \$225 million plus an additional amount of \$380 million. Due to the advanced payment made in 2022, the State reduced the distribution in 2023 to \$35 million. Additionally, the newly added C.R.S. § 24-51-414(9) providing compensatory payment of \$14.561 million for 2023 only.

**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 at December 31, 2023, and the total pension liability (TPL) used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2022. Standard update procedures were used to roll forward the TPL to December 31, 2023. The School's proportion of the net pension liability was based on the School's contributions to the SCHDTF for the calendar year, 2023 relative to the total contributions of participating employers and State as a nonemployer contributing entity.

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**Note 5: Defined Benefit Pension Plan (Continued)**

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

At June 30, 2024, the School reported a liability of \$22,028,950, for its proportionate share of the net pension liability that reflected a reduction for support from the State as a nonemployer contributing entity. The amount recognized by the School as its proportionate share of the net pension liability, the related support from the State as a nonemployer contributing entity, and the total portion of the net pension liability that was associated with the School were as follows:

Proportionate share of net pension liability	\$	22,511,975
The State's proportionate share of net pension liability as a nonemployer contributing entity associated with the School		<u>(483,025)</u>
School's proportionate share of the net pension liability	\$	<u><u>22,028,950</u></u>

At December 31, 2023, the School's proportion was 0.1245740235%, which was an increase of 0.0406996048% from its proportion measured at December 31, 2022.

For the year ended June 30, 2024, the School recognized pension expense of \$4,731,889 and benefit of \$45,214 for support from the State as a nonemployer contributing entity. At June 30, 2024, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,044,591	\$ -
Changes of assumptions and other inputs	-	-
Net difference between projected and actual earnings on plan investments	1,579,134	-
Changes in proportion	4,392,522	210,831
Contributions subsequent to the measurement date	<u>706,361</u>	<u>-</u>
Total	<u><u>\$ 7,722,608</u></u>	<u><u>\$ 210,831</u></u>

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**Note 5: Defined Benefit Pension Plan (Continued)**

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

\$703,631 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Year Ended June 30,</u>	
2025	\$ 2,234,359
2026	2,920,660
2027	2,090,705
2028	(440,306)
2029	<u>(2)</u>
Total	<u>\$ 6,805,416</u>

*Actuarial Assumptions* - The TPL in the December 31, 2022, actuarial valuation was determined using the following actuarial assumptions and other inputs.

Actuarial cost method	Entry Age
Price inflation	2.3%
Real wage growth	0.7%
Wage inflation	3.00%
Salary increases, including wage inflation	3.4% - 11.0%
Long-term investment rate of return, net of plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Future post-employment benefit increases:	
Hired prior to 1/1/2007	1.00%
Hired after 12/31/2006	Financed by AIR

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

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

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**Note 5: Defined Benefit Pension Plan (Continued)**

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

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

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

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

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

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

The actuarial assumptions used in the December 31, 2022, valuation were based on the 2020 experience analysis, dated October 28, 2020, for the period January 1, 2016, through December 31, 2019. Revised economic and demographic assumptions were adopted by the PERA Board on November 20, 2020.

The long-term expected return on plan assets is reviewed as part of regularly scheduled experience studies prepared at least every five years and asset/liability studies performed every three to five years for PERA. The most recent analyses were outlined in the Experience Study report dated October 28, 2020.

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 percentage and then adding expected inflation.

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**Note 5: Defined Benefit Pension Plan (Continued)**

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>30 Year Expected Geometric Real Rate of Return</u>
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	<u>6.00%</u>	4.70%
Total	<u>100.00%</u>	

Note: In setting the long-term expected rate of return, projections employed to model future returns provide a range of expected long-term returns that, including expected inflation, ultimately support a long-term expected 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, the total covered payroll was assumed to increase annually at a rate of 3.00%.
- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the scheduled increases in Senate Bill (SB) 18-200 and required adjustments resulting from the 2018 and 2020 AAP assessments. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.

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**Note 5: Defined Benefit Pension Plan (Continued)**

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

- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the scheduled increase in SB 18-200, required adjustments resulting from the 2018 and 2020 AAP assessments. Employer contributions also include the current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103%, at which point, the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions reflect reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- 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.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial FNP, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the FNP and the subsequent AIR benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made in the middle of the year.
- Beginning with the December 31, 2023 measurement date and thereafter, the FNP as of the current measurement date is used as a starting point for the GASB 67 projection test.

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 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.

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**Note 5: Defined Benefit Pension Plan (Continued)**

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

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	\$ 29,456,371	\$ 22,028,950	\$ 15,835,380

*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 6: Postemployment Healthcare Benefits (OPEB)**

**General Information**

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

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**Note 6: Postemployment Healthcare Benefits (OPEB) (Continued)**

**General Information** (Continued)

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

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

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

*PERA Benefit Structure*

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

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**Note 6: Postemployment Healthcare Benefits (OPEB) (Continued)**

**General Information** (Continued)

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

**Contributions** - Pursuant to Title 24, Article 51, Section 208(1)(f) of the CRS, 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 members and the School is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the School were \$49,385, for the year ended June 30, 2024.

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**Note 6: Postemployment Healthcare Benefits (OPEB) (Continued)**

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

At June 30, 2024, the School reported a liability of \$532,196 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2023, and the total OPEB liability (TOL) used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2022. Standard update procedures were used to roll forward the TOL to December 31, 2023. The School's proportion of the net OPEB liability was based on the School's contributions to the HCTF for the calendar year ended December 31, 2023, relative to the total contributions of participating employers to the HCTF.

At December 31, 2023, the School's proportion was 0.0745658404%, which was an increase of 0.0108839888% from its proportion measured at December 31, 2022.

For the year ended June 30, 2024, the School recognized OPEB expense of \$76,976. At June 30, 2024, the School reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 109,087
Changes of assumptions and other inputs	6,259	56,430
Net difference between projected and actual earnings on plan investments	16,460	-
Changes in proportion	224,547	-
Contributions subsequent to the measurement date	35,353	-
Total	<u>\$ 282,619</u>	<u>\$ 165,517</u>

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**Note 6: Postemployment Healthcare Benefits (OPEB) (Continued)**

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

\$35,353 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

<u>Year Ended June 30,</u>	
2025	\$ 12,262
2026	24,549
2027	28,471
2028	2,091
2029	9,119
Thereafter	<u>5,257</u>
Total	\$ <u>81,749</u>

*Actuarial Assumptions* - The TOL in the December 31, 2022 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.3%
Real wage growth	7.0%
Wage inflation	3.0%
Salary increases, including wage inflation	3.4% - 11.0%
Long-term investment rate of return, net of plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Health care cost trend rates:	
<i>PERA Benefit Structure</i>	
Service-based premium subsidy	0.0%
PERACare Medicare plans	
7.0% in 2023 gradually decreasing to 4.5% in 2033	
Medicare Part A premiums:	
3.5% in 2023, gradually increasing to 4.5% in 2035	
<i>DPS Benefit Structure</i>	
Service-based premium subsidy	0.0%
PERACare Medicare plans	N/A
Medicare Part A premiums:	N/A

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**Note 6: Postemployment Healthcare Benefits (OPEB) (Continued)**

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

Each year the per capita health care costs are developed by plan option; currently based on 2023 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.

The 2023 Medicare Part A premium is \$506 per month.

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

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

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and industry methods developed by health plan actuaries and administrators. In addition, projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services are referenced in the development of these rates. Effective December 31, 2022, 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.

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**Note 6: Postemployment Healthcare Benefits (OPEB) (Continued)**

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

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

<u>Year</u>	<u>PERACare Medicare Plans</u>	<u>Medicare Part A Premiums</u>
2023	7.00%	3.50%
2024	6.75%	3.50%
2025	6.50%	3.75%
2026	6.25%	3.75%
2027	6.00%	4.00%
2028	5.75%	4.00%
2029	5.50%	4.00%
2030	5.25%	4.25%
2031	5.00%	4.25%
2032	4.75%	4.25%
2033	4.50%	4.25%
2034	4.50%	4.25%
2035+	4.50%	4.50%

Mortality assumptions used in the December 31, 2022, 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 Safety Officers) were based upon the PubG-2010 Employee Table with generational projection using scale MP-2019.

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

The 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.

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**Note 6: Postemployment Healthcare Benefits (OPEB) (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 State and Local Government Divisions (members other than Safety Officers) 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 Safety Officers 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 on the upon the PubT-2010 Healthy Retiree Table, adjusted as follows:

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

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

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 Safety Officers 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 Safety Officers were based upon the unadjusted PubS-2010 Disabled Retiree Table with generational projection using scale MP-2019.

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**Note 6: Postemployment Healthcare Benefits (OPEB) (Continued)**

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

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, 2022, 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 2023 plan year.
- The morbidity rates used to estimate individual retiree and spouse costs by age and by gender were updated effective for the December 31, 2022 actuarial valuation. The revised morbidity rate factors are based on a review of historical claims experience by age, gender, and status (active versus retired) from actuary's claims data warehouse.
- 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.

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.

The actuarial assumptions used in the December 31, 2022, valuation were based on the results of the 2020 experience analysis, dated October 28, 2020 and November 4, 2020, for the period January 1, 2016, through December 31, 2019. Revised economic and demographic assumptions were adopted by PERA's Board on November 20, 2020.

The long-term expected return on plan assets is reviewed as part of regularly scheduled experience studies performed at least every five years, and asset/liability studies, performed every three to five years for PERA. The most recent analyses were outlined in the Experience Study report dated October 28, 2020.

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.

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**Note 6: Postemployment Healthcare Benefits (OPEB) (Continued)**

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

The PERA Board first adopted the 7.25% long-term expected rate of return as of November 18, 2016. Following an asset/liability study, the Board reaffirmed the assumed rate of return at the Board's November 15, 2019, meeting, to be effective January 1, 2020. As of the most recent reaffirmation of the long-term rate of return, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized as presented previously (See Note 5).

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

*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, 2023, 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, the 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 in the middle of the year.
- Beginning with the December 31, 2023 measurement date and thereafter, the FNP as of the current measurement date is used as a starting point for the GASB 74 projection test.
- As of the December 31, 2023, measurement date, the FNP and related disclosure components for the HCTF reflect payments related to the disaffiliation of Tri-County Health Department as a PERA-affiliated employer, effective December 31, 2022. As of the December 31, 2023, year-end, PERA recognized two additions for accounting and financial reporting purposes: a \$24 million payment received on December 4, 2023, and a \$2 million receivable. The employer disaffiliation payment and receivable allocations to the HCTF and Local Government Division Trust Fund were \$1.033 million and \$24.967 million, respectively.

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**Note 6: Postemployment Healthcare Benefits (OPEB) (Continued)**

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

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

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	\$ <u>628,590</u>	\$ <u>532,196</u>	\$ <u>449,730</u>

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

	1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
Proportionate share of the net OPEB liability	\$ <u>516,921</u>	\$ <u>532,196</u>	\$ <u>548,811</u>

*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).

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**Note 7: Related Organizations and Related Parties**

**Third Future Schools Texas Network**

During the year ended June 30, 2024, the School provided professional services to the Third Future Schools Texas, Louisiana and Tennessee networks.

At June 30, 2024, the School reports revenue from the provision of professional services in the amount of \$7,175,887. Of this amount, \$243,021 is reported as an amount due from related parties on the School's balance sheet.

**Related Party Contracts**

During the fiscal year ended June 30, 2024, the School contracted with a landscaping company owned by the School's Chief of Staff's family member to provide capital lease improvements as well as landscaping repair and maintenance services. The School paid \$232,200 to the company for these services.

**Note 8: Commitments and Contingencies**

**Claims and Judgments**

The School participates in a number of federal and state programs that are fully or partially funded by revenues received from other governmental entities. Expenditures financed by these revenues are subject to audit by the appropriate government. If expenditures are disallowed due to noncompliance with program regulations, the School may be required to reimburse the other government. At June 30, 2024, significant amounts of related expenditures have not been audited but management believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the School.

**TABOR Amendment**

In November 1992, Colorado voters passed the TABOR Amendment to the State Constitution which limits state and local government taxing powers and imposes spending limitations. The Amendment is subject to many interpretations, but the School believes it is in substantial compliance with the Amendment. In accordance with the Amendment, the School has established an emergency reserve representing 3% of qualifying expenditures. At June 30, 2024, the District held \$- on behalf of the School for this reserve as restricted fund balance in the General Fund in the amount of \$330,710.

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**Note 8: Commitments and Contingencies** (Continued)

**Special Education Reserve**

The School's charter contract with the District required the School to deposit \$50,000 to a reserve account held by the District to be used for future legal costs related to the special education program. At June 30, 2024, the special education reserve was reported in the financial statements as Reserves Held by District, in the amount of \$90,000.

## **Required Supplementary Information**

**Academy of Advanced Learning**  
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Required Supplementary Information  
 Schedule of Proportionate Share of the Net Pension Liability and Contributions  
 Public Employees' Retirement Association of Colorado School Division Trust Fund  
 For the Year Ended June 30, 2024

Measurement Date	12/31/2023	12/31/2022
<b>Proportionate Share of the Net Pension Liability</b>		
School's Proportion of the Net Pension Liability	0.124574024%	0.083874419%
Net Pension Liability		
School's Proportionate Share	\$ 22,028,950	\$ 15,273,083
State's Proportionate Share	483,025	4,450,730
Total Proportionate Share of the Net Pension Liability	\$ 22,511,975	\$ 19,723,813
School's Covered-Employee Payroll	\$ 8,239,880	\$ 6,462,212
School's Proportionate Share of the Net Pension Liability as a Percentage of Covered-Employee Payroll	267%	236%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	65%	62%
Reporting Date	6/30/24	6/30/23
<b>School Contributions</b>		
Statutorily Required Contribution	\$ 1,543,259	\$ 1,392,122
Contributions in Relation to the Statutorily Required Contribution	(1,543,259)	(1,392,122)
Contribution Deficiency (Excess)	\$ -	\$ -
School's Covered-Employee Payroll	\$ 7,572,412	\$ 6,830,770
Contributions as a Percentage of Covered-Employee Payroll	20.38%	20.38%

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

(Continued)

**Academy of Advanced Learning**  
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Required Supplementary Information  
Schedule of Proportionate Share of the Net Pension Liability and Contributions  
Public Employees' Retirement Association of Colorado School Division Trust Fund  
For the Year Ended June 30, 2024  
(Continued)

Measurement Date	<u>12/31/2021</u>	<u>12/30/2020</u>	<u>12/31/2019</u>	<u>12/31/2018</u>	<u>12/31/2017</u>
<b>Proportionate Share of the Net Pension Liability</b>					
School's Proportion of the Net Pension Liability	0.087438568%	0.084971669%	0.061858131%	0.049722747%	0.049722747%
Net Pension Liability					
School's Proportionate Share	\$ 10,175,546	\$ 12,846,003	\$ 9,241,471	\$ 8,804,440	\$ 14,342,116
State's Proportionate Share	<u>1,166,496</u>	<u>-</u>	<u>1,172,163</u>	<u>1,203,885</u>	<u>-</u>
Total Proportionate Share of the Net Pension Liability	<u>\$ 11,342,042</u>	<u>\$ 12,846,003</u>	<u>\$ 10,413,634</u>	<u>\$ 10,008,325</u>	<u>\$ 14,342,116</u>
School's Covered-Employee Payroll	\$ 5,464,629	\$ 4,537,866	\$ 3,633,643	\$ 2,733,527	\$ 1,022,971
School's Proportionate Share of the Net Pension Liability as a Percentage of Covered-Employee Payroll					
	186%	283%	254%	322%	1402%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability					
	75%	67%	65%	57%	44%
Reporting Date	<u>6/30/22</u>	<u>6/30/21</u>	<u>6/30/20</u>	<u>6/30/19</u>	<u>6/30/18</u>
<b>School Contributions</b>					
Statutorily Required Contribution	\$ 1,189,549	\$ 962,528	\$ 764,365	\$ 623,340	\$ 412,973
Contributions in Relation to the Statutorily Required Contribution	<u>(1,189,549)</u>	<u>(962,528)</u>	<u>(764,365)</u>	<u>(623,340)</u>	<u>(412,973)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School's Covered-Employee Payroll	\$ 5,983,642	\$ 4,841,687	\$ 3,944,087	\$ 3,258,444	\$ 2,185,510
Contributions as a Percentage of Covered-Employee Payroll	19.88%	19.88%	19.38%	19.13%	18.90%

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

## **Academy of Advanced Learning**

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Notes to Schedule of Proportionate Share of the Net Pension Liability and Contributions  
June 30, 2024

### **Note 1: Significant Changes in Plan Provisions Affecting Trends in Actuarial Information**

#### **2023 Changes in Plan Provisions Since 2022**

- Senate Bill (SB) 23-056, enacted and effective June 2, 2023, intended to recompense PERA for the remaining portion of the \$225 million direct distribution originally scheduled for receipt July 1, 2020, suspended due to the enactment of House Bill (HB) 20-1379, but not fully repaid through the provisions within HB 22-1029. Pursuant to SB 23-056, the State Treasurer issued a warrant consisting of the balance of the PERA Payment Cash Fund, created in § 24-51-416, plus \$10 million from the General Fund, totaling \$14.561 million.
- As of the December 31, 2023, measurement date, the total pension liability (TPL) recognizes the change in the default method applied for granting service accruals for certain members, from a "12-pay" method to a "non-12-pay" method. The default service accrual method for positions with an employment pattern of at least eight months but fewer than 12 months (including, but not limited to positions in the School and DPS Divisions) receive a higher ratio of service credit for each month worked, up to a maximum of 12 months of service credit per year.

#### **2022 Changes in Plan Provisions Since 2021**

- HB 22-1029, effective upon enactment in 2022, required the State Treasurer to issue, in addition to the regularly scheduled \$225,000,000 direct distribution, a warrant to PERA in the amount of \$380,000,000 with reductions to future direct distributions. The July 1, 2023, direct distribution will be reduced by \$190,000 to \$35,000,000. The July 1, 2024, direct distribution will not be reduced from \$225,000 due to a negative investment return in 2022.

#### **2021 Changes in Plan Provisions Since 2020**

- The following changes reflect the anticipated adjustments resulting from the 2020 automatic adjustment provision (AAP) assessment, statutorily recognized July 1, 2021, and effective July 1, 2022:
  - Member contribution rates increase by 0.50%.
  - Employer contribution rates increase by 0.50%.
  - Annual increase (AI) cap is lowered from 1.25% per year to 1.00% per year.

#### **2020 Changes in Plan Provisions Since 2019**

- HB 20-1379, enacted on June 29, 2020, suspended the \$225,000,000 direct distribution payable on July 1, 2020 for the State's 2020-21 fiscal year.

## **Academy of Advanced Learning**

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Notes to Schedule of Proportionate Share of the Net Pension Liability and Contributions  
June 30, 2024

### **Note 1: Significant Changes in Plan Provisions Affecting Trends in Actuarial Information (Continued)**

#### **2019 Changes in Plan Provisions Since 2018**

- SB 18-200 was enacted on June 4, 2018, which included the adoption of the AAP. The following changes reflect the anticipated adjustments resulting from the 2018 AAP assessment, statutorily recognized July 1, 2019, and effective July 1, 2020:
  - Member contribution rates increase by 0.50%.
  - Employer contribution rates increase by 0.50%.
  - AI cap is lowered from 1.50% per year to 1.25%.

#### **2018 Changes in Plan Provisions Since 2017**

- The following changes were made to the plan provisions as part of SB 18-200:
  - Member contribution rates increase by 0.75% effective July 1, 2019, an additional 0.75% effective July 1, 2020, and an additional 0.50% effective July 1, 2021.
  - Employer contribution rates increase by 0.25% effective July 1, 2019 for State, School, Judicial, and DPS Divisions.
  - An annual direct distribution of \$225,000,000 from the State of Colorado, recognized as a non-employer contributing entity, is distributed between the State, School, Judicial, and DPS Divisions proportionally based on payroll.
  - AI cap is lowered from 2.00% per year to 1.50% per year.
  - Initial AI waiting period is extended from one year after retirement to three years after retirement.
  - AI payments are suspended for 2018 and 2019.

#### **2017 Changes in Plan Provisions Since 2016**

- There were no changes made to the plan provisions applicable to the School Division Trust Fund.

### **Note 2: Significant Changes in Assumptions or Other Inputs Affecting Trends in Actuarial Information**

#### **2023 Changes in Assumptions or Other Inputs Since 2022**

- There were no changes made to the actuarial methods or assumptions.

#### **2022 Changes in Assumptions of Other Inputs Since 2021**

- There were no changes made to the actuarial methods or assumptions.

#### **2021 Changes in Assumptions of Other Inputs Since 2020**

- The assumption used to value the AI cap benefit provision was changed from 1.25% to 1.00%.

## **Academy of Advanced Learning**

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Notes to Schedule of Proportionate Share of the Net Pension Liability and Contributions  
June 30, 2024

### **Note 2: Significant Changes in Assumptions or Other Inputs Affecting Trends in Actuarial Information (Continued)**

#### **2020 Changes in Assumptions of Other Inputs Since 2019**

- The price inflation assumption was lowered from 2.40% to 2.30%.
- The wage inflation assumption was lowered from 3.50% to 3.00%.
- The real rate of investment return assumption was increased to 4.95% per year, net of investment expenses from 4.85% per year, net of investment expenses.
- Salary scale assumptions were revised to align with revised economic assumptions and to more closely reflect actual experience.
- Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.
- The pre-retirement mortality assumption for the School and DPS Divisions was changed to the PubT-2010 Employee Table with generational projection using scale MP-2019.
- The post-retirement non-disabled mortality assumption for the School and DPS Divisions was changed to 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.
- The disabled mortality assumption for the Division Trust Funds (members other than Safety Officers) was changed to the PubNS-2010 Disabled Retiree Table using 99% of the rates for all ages with generational projection using scale MP-2019.
- The mortality tables are generational mortality tables developed on a benefit-weighted basis.

#### **2019 Changes in Assumptions of Other Inputs Since 2018**

- The assumption used to value the AI cap benefit provision was changed from 1.50% to 1.25%.

#### **2018 Changes in Assumptions of Other Inputs Since 2017**

- The single equivalent interest rate (SEIR) for the School Division was increased from 4.78% to 7.25% to reflect the changes to the projection's valuation basis which no longer resulted in a projected year of depletion of the FNP, thereby eliminating the need to apply the municipal bond index rate.

#### **2017 Changes in Assumptions of Other Inputs Since 2016**

- The SEIR for the School Division was lowered from 5.26% to 4.78% to reflect the changes to the projection's valuation basis, a projected year of depletion of the FNP, and the resulting application of the municipal bond index rate.

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Required Supplementary Information  
Schedule of Proportionate Share of the Net OPEB Liability and Contributions  
Public Employees' Retirement Association of Colorado Health Care Trust Fund  
For the Year Ended June 30, 2024

Measurement Date	<u>12/31/23</u>	<u>12/31/22</u>	<u>12/31/21</u>
<b>Proportionate Share of the Net OPEB Liability</b>			
School's Proportion of the Net OPEB Liability	0.0745658404%	0.0636818516%	0.0570907067%
School's Proportionate Share of the Net OPEB Liability	\$ 532,196	\$ 532,196	\$ 492,296
School's Covered Payroll	\$ 8,239,880	\$ 6,462,212	\$ 5,464,629
School's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	6%	8%	9%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	46%	39%	38%
Reporting Date	<u>6/30/24</u>	<u>6/30/23</u>	<u>6/30/22</u>
<b>School Contributions</b>			
Statutorily Required Contribution	\$ 77,239	\$ 69,674	\$ 61,033
Contributions in Relation to the Statutorily Required Contribution	<u>(77,239)</u>	<u>(69,674)</u>	<u>(61,033)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School's Covered Payroll	\$ 7,572,412	\$ 6,830,770	\$ 5,983,642
Contributions as a Percentage of Covered Payroll	1.02%	1.02%	1.02%

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

(Continued)

**Academy of Advanced Learning**  
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Required Supplementary Information  
Schedule of Proportionate Share of the Net OPEB Liability and Contributions  
Public Employees' Retirement Association of Colorado Health Care Trust Fund  
For the Year Ended June 30, 2024  
(Continued)

Measurement Date	<u>12/31/20</u>	<u>12/31/19</u>	<u>12/31/18</u>	<u>12/31/17</u>
<b>Proportionate Share of the Net OPEB Liability</b>				
School's Proportion of the Net OPEB Liability	0.0490714897%	0.0404116087%	0.0323200689%	0.0323200689%
School's Proportionate Share of the Net OPEB Liability	\$ 466,290	\$ 454,226	\$ 439,728	\$ 327,514
School's Covered Payroll	\$ 4,537,866	\$ 3,633,643	\$ 2,733,527	\$ 1,022,971
School's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	10%	13%	16%	32%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	33%	24%	17%	18%
Reporting Date	<u>6/30/21</u>	<u>6/30/20</u>	<u>6/30/19</u>	<u>6/30/18</u>
<b>School Contributions</b>				
Statutorily Required Contribution	\$ 49,385	\$ 40,230	\$ 33,236	\$ 19,015
Contributions in Relation to the Statutorily Required Contribution	<u>(49,385)</u>	<u>(40,230)</u>	<u>(33,236)</u>	<u>(19,015)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School's Covered Payroll	\$ 4,841,687	\$ 3,944,087	\$ 3,258,444	\$ 2,185,510
Contributions as a Percentage of Covered Payroll	1.02%	1.02%	1.02%	0.87%

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

## **Academy of Advanced Learning**

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Notes to Schedule of Proportionate Share of the Net OPEB Liability and Contributions  
June 30, 2024

### **Note 1: Significant Changes in Plan Provisions Affecting Trends in Actuarial Information**

#### **2023 Changes in Plan Provisions Since 2022**

- As of the December 31, 2023, measurement date, the fiduciary net position (FNP) and related disclosure components for the Health Care Trust Fund (HCTF) reflect payments related to the disaffiliation of Tri-County Health Department (Tri-County Health) as a PERA-affiliated employer, effective December 31, 2022. As of the December 31, 2023, year-end, PERA recognized two additions for accounting and financial reporting purposes: a \$24 million payment received on December 4, 2023, and a \$2 million receivable. The employer disaffiliation payment and receivable allocations to the HCTF and Local Government Division Trust Fund were \$1.033 million and \$24.967 million, respectively.

#### **2022 Changes in Plan Provisions Since 2021**

- The total OPEB liability 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, 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.

#### **2021 Changes in Plan Provisions Since 2020**

- There were no changes made to plan provisions.

#### **2020 Changes in Plan Provisions Since 2019**

- There were no changes made to plan provisions.

#### **2019 Changes in Plan Provisions Since 2018**

- There were no changes made to plan provisions.

#### **2018 Changes in Plan Provisions Since 2017**

- There were no changes made to plan provisions.

#### **2017 Changes in Plan Provisions Since 2016**

- There were no changes made to plan provisions.

### **Note 2: Significant Changes in Assumptions or Other Inputs Affecting Trends in Actuarial Information**

#### **2023 Changes in Assumptions or Other Inputs Since 2022**

- There were no changes made to the actuarial methods or assumptions.

## **Academy of Advanced Learning**

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Notes to Schedule of Proportionate Share of the Net OPEB Liability and Contributions  
June 30, 2024

### **Note 2: Significant Changes in Assumptions or Other Inputs Affecting Trends in Actuarial Information (Continued)**

#### **2022 Changes in Assumptions or Other Inputs Since 2021**

- The timing of the retirement decrement was adjusted to middle-of-year.

#### **2021 Changes in Assumptions or Other Inputs Since 2020**

- There were no changes made to the actuarial methods or assumptions.

#### **2020 Changes in Assumptions or Other Inputs Since 2019**

- The price inflation assumption was lowered from 2.40% to 2.30%.
- The wage inflation assumption was lowered from 3.50% to 3.00%.
- The real rate of investment return assumption was increased to 4.95% per year, net of investment expenses from 4.85% per year, net of investment expenses.
- Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.
- The pre-retirement mortality assumption for the School and DPS Divisions was changed to the PubT-2010 Employee Table with generational projection using scale MP-2019.
- The post-retirement non-disabled mortality assumption for the School and DPS Divisions was changed to 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.
- The post-retirement non-disabled beneficiary mortality assumption for the Division Trust Funds was changed to 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.
- The disabled mortality assumption for the Division Trust Funds (members other than Safety Officers) was changed to the PubNS-2010 Disabled Retiree Table using 99% of the rates for all ages with generational projection using scale MP-2019.
- The mortality tables are generational mortality tables developed on a head-count weighted basis.

#### **2019 Changes in Assumptions or Other Inputs Since 2018**

- There were no changes made to the actuarial methods or assumptions.

#### **2018 Changes in Assumptions or Other Inputs Since 2017**

- There were no changes made to the actuarial methods or assumptions.

#### **2017 Changes in Assumptions or Other Inputs Since 2016**

- There were no changes made to the actuarial methods or assumptions.

**Academy of Advanced Learning**  
(A Component Unit of the Joint School District No. 28-J of the  
Counties of Adams and Arapahoe, Colorado)  
Budgetary Comparison Schedule  
General Fund  
AAL School  
For the Year Ended June 30, 2024

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>				
<i>Local Sources</i>				
District Mill Levy	\$ 2,378,000	\$ 2,253,300	\$ 2,314,152	\$ 60,852
Contributions and Grants	200,000	200,000	37,500	(162,500)
Investment Income	-	525	-	(525)
Miscellaneous	-	1,850	64,053	62,203
Pupil Activity Fund Raisers	25,000	25,000	23,383	(1,617)
<i>State Sources</i>				
Per Pupil Revenue	9,342,211	8,891,561	8,883,512	(8,049)
Capital Construction	315,002	315,555	311,813	(3,742)
Grants	219,125	534,999	464,807	(70,192)
<i>Federal Sources</i>				
Grants	345,915	(92,409)	(232,071)	(139,662)
<b>Total Revenues</b>	<u>12,825,253</u>	<u>12,130,381</u>	<u>11,867,149</u>	<u>(263,232)</u>
<b>Expenditures</b>				
Salaries	5,091,083	4,676,450	4,331,006	345,444
Benefits	1,691,441	1,927,675	1,700,727	226,948
Purchased Services	6,331,684	8,133,982	7,762,033	371,949
Supplies and Materials	477,077	516,268	763,813	(247,545)
Property	-	63,000	110,782	(47,782)
Other	-	-	83,620	(83,620)
Debt Service				
Principal	-	502,488	469,070	33,418
Interest and Fees	-	-	380,414	(380,414)
<b>Total Expenditures</b>	<u>13,591,285</u>	<u>15,819,863</u>	<u>15,601,465</u>	<u>218,398</u>
<b>Excess Revenues Over (Under) Expenditures</b>	(766,032)	(3,689,482)	(3,734,316)	(44,834)
<b>Other Financing Sources (Uses)</b>				
Transfers In (Out)	-	-	(896,053)	(896,053)
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>(896,053)</u>	<u>(896,053)</u>
<b>Net Change in Fund Balance</b>	(766,032)	(3,689,482)	(4,630,369)	(940,887)
<b>Fund Balance, Beginning of Year</b>	<u>2,679,771</u>	<u>4,206,789</u>	<u>4,358,202</u>	<u>151,413</u>
<b>Fund Balance, End of Year</b>	<u>\$ 1,913,739</u>	<u>\$ 517,307</u>	<u>\$ (272,167)</u>	<u>\$ (789,474)</u>

**Academy of Advanced Learning**  
*(A Component Unit of the Joint School District No. 28-J of the  
Counties of Adams and Arapahoe, Colorado)*  
Notes to Budgetary Comparison Schedule - General Fund  
June 30, 2024

**Note 1: Stewardship, Compliance and Accountability**

**Budgets and Budgetary Accounting**

A budget is adopted for the School on a basis consistent with generally accepted accounting principles.

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

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

All appropriations lapse at fiscal year-end.