

BEN FRANKLIN ACADEMY

**A COMPONENT UNIT OF DOUGLAS COUNTY SCHOOL DISTRICT RE-1
HIGHLANDS RANCH, COLORADO**

**FINANCIAL STATEMENTS
WITH THE INDEPENDENT AUDITOR'S REPORT**

JUNE 30, 2024

BEN FRANKLIN ACADEMY
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June 30, 2024

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Ben Franklin Academy
Highlands Ranch, Colorado

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the of the Ben Franklin Academy (the School), a component unit of the Douglas County School District RE-1, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the basic financial statements of Ben Franklin Academy, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the School as of June 30, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis of Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary 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 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.

DMC Auditing and Consulting, LLC

October 23, 2024
Bailey, Colorado

Management's Discussion And Analysis (MD&A)

Required Supplementary Information
June 30, 2024

As management of Ben Franklin Academy (BFA), we offer readers of BFA's basic financial statements this narrative and analysis of the financial activities for the year ended June 30, 2024. We encourage readers to consider the information presented here in conjunction with additional information provided in the accompanying financial statements.

FINANCIAL HIGHLIGHTS

The year ended June 30, 2024 was the thirteenth year of operations for BFA. The general-fund fund balance for the fiscal year ended June 30, 2024 is \$7,610,651.

The primary source of revenue was through funding from the Colorado State School Finance Act. Tax revenue from this source (Per Pupil Revenue) was \$8,806,071.21. Beginning this year, BFA participated in the Colorado University Preschool Program (UPK) which is funded through The Colorado Department of Early Childhood (CDEC). Through the UPK program, BFA received funding in the amount of \$218,587. BFA received additional non-tax-related income in the form of tuition-based revenues from preschool, \$142,800, as well as other child care related programs of \$201,224.

OVERVIEW OF FINANCIAL STATEMENTS

This financial summary is intended to provide an introduction to BFA's basic financial statements. The basic statements are comprised of three components: 1) Government-wide financial statements, 2) Fund financial statements, and 3) Notes to the financial statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

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

The government-wide statement of activities distinguishes functions/programs of BFA that are primarily supported by the per pupil revenue passed from Douglas County School District. These activities include instruction and supporting services expenses.

Management's Discussion And Analysis (MD&A)

Required Supplementary Information
June 30, 2024

FUND FINANCIAL STATEMENTS

GOVERNMENTAL FUNDS

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

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

BFA adopts an annual appropriated budget for our General Fund. A budgetary comparison has been provided for this fund to demonstrate compliance with the budget as part of the required supplementary information included in the audited financial statements.

SPECIAL REVENUE FUND

The Ben Franklin Academy Building Corporation is considered a component of BFA and is reported as a Special Revenue Fund. This fund is used to account for the financial activities of the Building Corporation, including facilities acquisition and construction, and the related debt service.

NOTES TO FINANCIAL STATEMENTS

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

For the year ended June 30, 2024, governmental activities net position (negative) totaled (\$4,801,200).

Management's Discussion And Analysis (MD&A)

Required Supplementary Information

June 30, 2024

Table I: Net Position

	2023-2024 Governmental Activities	2022-2023 Governmental Activities	2021-2022 Governmental Activities
ASSETS			
Cash and Investments	8,746,175	8,287,689	7,752,226
Accounts Receivable	-	-	-
Prepaid Expenses	-	-	-
Restricted Cash and Investments	2,009,937	1,980,929	1,924,294
Capital Assets, Net	14,174,617	14,826,625	16,860,440
Right to Use Asset, Net	3,911,819	5,672,372	-
TOTAL ASSETS	28,842,548	30,767,615	26,536,960
DEFERRED OUTFLOWS OF RESOURCES			
Pensions	4,790,450	2,325,016	2,177,968
OPEB	95,395	57,265	48,048
TOTAL DEFERRED OUTFLOWS OF RESOURCES	4,885,845	2,382,281	2,226,016
LIABILITIES			
Accounts Payable	134,364	49,195	119,788
Accrued Liabilities	-	-	393,265
Accrued Salaries and Benefits	979,012	691,934	641,169
Unearned Revenues	22,148	18,175	11,215
Accrued Interest Payable	385,002	375,828	382,950
Noncurrent Liabilities			
Due within One Year	428,774	644,210	544,417
Due in more than One Year	21,528,212	22,860,478	20,785,847
Net Pension Liability	13,799,728	9,922,432	7,557,414
Net OPEB Liability	333,208	338,159	365,630
TOTAL LIABILITIES	37,610,448	34,900,411	30,801,695
DEFERRED INFLOWS OF RESOURCES			
Pensions	797,881	1,817,374	3,208,976
OPEB	121,264	140,372	150,683
TOTAL DEFERRED INFLOWS OF RESOURCES	919,145	1,957,746	3,359,659
NET POSITION			
Net Investment in Capital Assets	(3,870,550)	(3,005,691)	(4,469,824)
Restricted for Debt Service	1,624,935	1,605,101	1,541,344
Restricted for Emergencies	371,603	310,000	275,194
Unrestricted	(2,927,188)	(2,617,671)	(2,745,092)
TOTAL NET POSITION	(4,801,200)	(3,708,261)	(5,398,378)

Management's Discussion And Analysis (MD&A)

Required Supplementary Information
June 30, 2024

Table II: Change In Net Position

	2023-2024 Governmental Activities	2022-2023 Governmental Activities	2021-2022 Governmental Activities
REVENUES			
<i>General Revenues</i>			
Per Pupil Revenue	8,806,071	8,023,302	7,691,436
District Mill Levy	2,026,371	1,127,898	1,073,461
Capital Construction Funding	348,264	320,269	266,617
Contributions	-	-	5,488
Investment Earnings	467,005	272,789	12,935
Other	7,413	8,760	1,153,482
<i>Program Revenues</i>			
Charges for Services: Instruction	644,436	580,449	453,992
Charges for Services: Support	80,519	77,432	177,451
Operating Grants: Instruction	40,092	400,681	6,018
Operating Grants: Support	48,816	51,971	(53,851)
Total Revenue	12,468,987	10,863,551	10,787,029
EXPENSES			
Instruction	6,609,439	5,708,942	1,973,409
Support	5,984,871	3,786,390	4,338,489
Interest on Long Term Debt	967,616	755,941	825,102
Total Expenses	13,561,926	10,251,273	7,137,000
TRANSFERS			
	-	-	-
Change in Net Position	(1,092,939)	612,278	3,650,029
Prior period adjustment due to adoption of GASB 87	-	-	(812,430)
Net Position, Beginning	(3,708,261)	(4,320,539)*	(9,048,407)
Net Position, Ending	(4,801,200)	(3,708,261)	(5,398,378)

*The school restated beginning fund balance and net position for error correction of \$1,077,839.

FUND FINANCIAL ANALYSIS

General Fund Income

Total Revenues for the period ended June 30, 2024 were \$12,468,987. The main source of income during this time period was from the State of Colorado through the charter authorized by Douglas County School District. Per Pupil Revenue was reported \$8,806,071; equivalent to

Management's Discussion And Analysis (MD&A)

Required Supplementary Information
June 30, 2024

\$10,003.16 per funded student. In addition, BFA received funding through the Douglas County School District as a component of local revenue (Mills) in the amount of \$2,026,371. The Mill Levy amount was adjusted based upon the election in November 2018. During the 2022 Legislative Session, HB22-1295 was established to create a voluntary universal no-cost preschool program to begin in Fall 2023. BFA enrolled in the Colorado University Preschool Program (UPK) which is funded through The Colorado Department of Early Childhood (CDEC). During the 23/24 fiscal year, BFA received funding related to the UPK program in the amount of \$218,587.

Expenditures

BFA budgeted for General Fund total expenditures (exclusive of appropriated reserves) of \$12,567,319 for the period of July 1, 2023 to June 30, 2024. Actual total expenditures were \$12,364,713. In comparison with the prior year, payroll and benefit expenses were increased due to the passing of ballot measure 5A during the November 2023 election. This mill levy override provided additional funding for much needed salary increases across our district.

ANALYSIS OF SIGNIFICANT BUDGET VARIATIONS: GENERAL FUND

The original budget was adopted during the Spring of 2023 for the 2023-2024 school year. At the time the budget had been adopted, actual student count and per pupil distribution rates had not yet been finalized. The budget was then revised in November after the official student enrollment count has been finalized. Our Final Revised budget was adopted in Spring 2024.

CAPITAL ASSETS AND LONG-TERM DEBT

BFA holds assets with a net book value of \$377,462 which includes a turf field, an overflow parking lot, dumpster and storage fence enclosures, playground resurface, floor scrubber, two storage sheds, an LED entrance sign that was installed in April 2023, and an expanded concrete area near the playground which was completed in October 2023.

In April, 2016, the Colorado Educational and Cultural Facilities Authority (CECFA) issued \$19,140,000 in Charter School Revenue Bonds. Bond proceeds were loaned to the Building Corporation to finance the acquisition and construction of educational facilities. BFA uses the building owned by the Building Corporation. The debt accrues interest at rates ranging from 3% to 5%. Interest payments are due semi-annually on July 1 and January 1 each year through 2046. The Building Corporation reports these educational facilities at the book value of \$16,640,000.

The land on which the school sits is leased to the BFA Building Corporation by Englewood McLellan Reservoir Foundation through a ground lease. The book value of the ground lease is currently \$3,911,819 (\$4,550,113 costs less \$638,294 accumulated amortization). The total lease liabilities equal \$4,544,550.

Additional information on capital assets and long-term debt is available in Notes 3 and 5 of the financial statements.

Management's Discussion And Analysis (MD&A)

Required Supplementary Information
June 30, 2024

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The primary factor driving the budget for BFA is the future of the Colorado state budget and related Per Pupil Revenue (PPR) for K-12 education. These drivers are regularly monitored and discussed amongst the Board and Management and associated budgetary impact. Many budget scenarios and operation plans have been developed to analyze options to respond to state budget decisions. Student growth and facility financing were all considered during the strategic planning process.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of Ben Franklin Academy's financial position for all those with an interest. Questions concerning the information contained in this report or requests for additional information should be directed to:

Ben Franklin Academy
2270 Plaza Drive
Highlands Ranch, CO 80129

BASIC FINANCIAL STATEMENTS

BEN FRANKLIN ACADEMY
STATEMENT OF NET POSITION
June 30, 2024

	PRIMARY GOVERNMENT GOVERNMENTAL ACTIVITIES
ASSETS	
Cash and Investments	\$ 8,746,175
Restricted Cash and Investments	2,009,937
Capital Assets, Being Depreciated, <i>Net of Accumulated Depreciation</i>	14,174,617
Right-to-Use Lease Asset, <i>Net of Accumulated Amortization</i>	3,911,819
TOTAL ASSETS	28,842,548
DEFERRED OUTFLOWS OF RESOURCES	
Pensions, <i>Net of Accumulated Amortization</i>	4,790,450
OPEB, <i>Net of Accumulated Amortization</i>	95,395
TOTAL DEFERRED OUTFLOWS OF RESOURCES	4,885,845
LIABILITIES	
Accounts Payable	134,364
Accrued Salaries and Benefits	979,012
Unearned Revenues	22,148
Accrued Interest Payable	385,002
Noncurrent Liabilities	
Due Within One Year	428,774
Due in More Than One Year	21,528,212
Net Pension Liability	13,799,728
Net OPEB Liability	333,208
TOTAL LIABILITIES	37,610,448
DEFERRED INFLOWS OF RESOURCES	
Pensions, <i>Net of Accumulated Amortization</i>	797,881
OPEB, <i>Net of Accumulated Amortization</i>	121,264
TOTAL DEFERRED INFLOWS OF RESOURCES	919,145
NET POSITION	
Net Investment in Capital Assets	(3,870,550)
Restricted for:	
Emergencies	371,603
Debt Service	1,624,935
Unrestricted	(2,927,188)
TOTAL NET POSITION	\$ (4,801,200)

BEN FRANKLIN ACADEMY
STATEMENT OF ACTIVITIES
Year Ended June 30, 2024

FUNCTIONS / PROGRAMS	EXPENSES	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGE IN NET POSITION
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	PRIMARY
					GOVERNMENTAL ACTIVITIES
PRIMARY GOVERNMENT					
Governmental Activities					
Instruction	\$ 6,609,439	\$ 644,436	\$ 40,092	\$ -	\$ (5,924,911)
Supporting Services	5,984,871	80,519	48,816	348,264	(5,507,272)
Interest on Long-Term Debt	<u>967,616</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(967,616)</u>
TOTAL GOVERNMENTAL ACTIVITIES	\$ <u>13,561,926</u>	\$ <u>724,955</u>	\$ <u>88,908</u>	\$ <u>348,264</u>	<u>(12,399,799)</u>
GENERAL REVENUES					
Per Pupil Revenue					8,806,071
Mill Levy Override Allocation					2,026,371
Investment Income					467,005
Other					<u>7,413</u>
TOTAL GENERAL REVENUES					<u>11,306,860</u>
CHANGE IN NET POSITION					(1,092,939)
NET POSITION, Beginning, as Restated					<u>(3,708,261)</u>
NET POSITION, Ending					\$ <u><u>(4,801,200)</u></u>

See Notes to the Financial Statements.

BEN FRANKLIN ACADEMY
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2024

	<u>GENERAL</u>	<u>BUILDING CORPORATION</u>	<u>TOTAL</u>
ASSETS			
Cash and Investments	\$ 8,746,175	\$ -	\$ 8,746,175
Restricted Cash and Investments	<u>-</u>	<u>2,009,937</u>	<u>2,009,937</u>
 TOTAL ASSETS	 <u>\$ 8,746,175</u>	 <u>\$ 2,009,937</u>	 <u>\$ 10,756,112</u>
 LIABILITIES AND FUND BALANCE			
LIABILITIES			
Accounts Payable	\$ 134,364	\$ -	\$ 134,364
Accrued Salaries and Benefits	979,012	-	979,012
Unearned Revenues	<u>22,148</u>	<u>-</u>	<u>22,148</u>
 TOTAL LIABILITIES	 <u>1,135,524</u>	 <u>-</u>	 <u>1,135,524</u>
 FUND BALANCES			
Restricted for:			
Emergencies	371,603	-	371,603
Debt Service	-	2,009,937	2,009,937
Unrestricted, Unassigned	<u>7,239,048</u>	<u>-</u>	<u>7,239,048</u>
 TOTAL FUND BALANCES	 <u>7,610,651</u>	 <u>2,009,937</u>	 <u>9,620,588</u>
 TOTAL LIABILITIES AND FUND BALANCES	 <u>\$ 8,746,175</u>	 <u>\$ 2,009,937</u>	 <u>\$ 10,756,112</u>

BEN FRANKLIN ACADEMY
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
June 30, 2024

AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES IN THE
STATEMENT OF NET POSITION ARE DIFFERENT BECAUSE:

Total Fund Balances of Governmental Funds	\$ 9,620,588
Capital assets and right-to-use assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds.	18,086,436
Long-term liabilities and related items are not due and payable in the current year and, therefore, are not reported in governmental funds:	
Accrued Interest Payable	(385,002)
Bonds Payable	(16,640,000)
Bond Premium	(772,436)
Lease Liability	(4,544,550)
Net Pension Liability	(13,799,728)
Pension-Related Deferred Outflows of Resources	4,790,450
Pension-Related Deferred Inflows of Resources	(797,881)
Net OPEB Liability	(333,208)
OPEB-Related Deferred Outflows of Resources	95,395
OPEB-Related Deferred Inflows of Resources	<u>(121,264)</u>
Total Net Position of Governmental Activities	\$ <u><u>(4,801,200)</u></u>

BEN FRANKLIN ACADEMY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2024

	<u>GENERAL</u>	<u>BUILDING CORPORATION</u>	<u>TOTAL</u>
REVENUES			
Local Sources	\$ 11,779,818	\$ 1,231,726	\$ 13,011,544
State Sources	<u>606,943</u>	<u>-</u>	<u>606,943</u>
 TOTAL REVENUES	 <u>12,386,761</u>	 <u>1,231,726</u>	 <u>13,618,487</u>
EXPENDITURES			
Current			
Instruction	6,404,267	-	6,404,267
Supporting Services	5,552,103	-	5,552,103
Capital Outlay	151,724	-	151,724
Debt Service			
Principal	5,563	400,000	405,563
Interest	<u>251,056</u>	<u>742,500</u>	<u>993,556</u>
 TOTAL EXPENDITURES	 <u>12,364,713</u>	 <u>1,142,500</u>	 <u>13,507,213</u>
 EXCESS REVENUES OVER (UNDER) EXPENDITURES	 <u>22,048</u>	 <u>89,226</u>	 <u>111,274</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	60,218	-	60,218
Transfers Out	<u>-</u>	<u>(60,218)</u>	<u>(60,218)</u>
 TOTAL OTHER FINANCING SOURCES (USES)	 <u>60,218</u>	 <u>(60,218)</u>	 <u>-</u>
 CHANGES IN FUND BALANCES	 82,266	 29,008	 111,274
FUND BALANCES, Beginning	<u>7,528,385</u>	<u>1,980,929</u>	<u>9,509,314</u>
FUND BALANCES, Ending	<u><u>\$ 7,610,651</u></u>	<u><u>\$ 2,009,937</u></u>	<u><u>\$ 9,620,588</u></u>

BEN FRANKLIN ACADEMY

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2024**

AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES IN THE
STATEMENT OF ACTIVITIES ARE DIFFERENT BECAUSE:

Net Change in Fund Balances of Governmental Funds	\$	111,274
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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 follows:

Depreciation expense	(692,748)
Amortization expense	(168,856)
Capital outlay	40,740
Right-to-Use Asset Remeasurement	(1,591,697)

The repayment of long-term debt principal is an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net position and does not affect the statement of activities.

405,563

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position and does not affect the statement of activities.

Amortization of Bond Premium	35,114
Lease Liability Remeasurement	1,107,025

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 changes in the following:

Accrued Interest Payable	(9,174)
Net Pension Liability	(3,877,296)
Pension-Related Deferred Outflows of Resources	2,465,434
Pension-Related Deferred Inflows of Resources	1,019,493
Net OPEB Liability	4,951
OPEB-Related Deferred Outflows of Resources	38,130
OPEB-Related Deferred Inflows of Resources	19,108

Change in Net Position of Governmental Activities	\$	<u>(1,092,939)</u>
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BEN FRANKLIN ACADEMY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 1: Summary of Significant Accounting Policies

Ben Franklin Academy (the School) was organized pursuant to the Colorado Charter Schools Act to form and operate a charter school within Douglas County School District (the District). The School began operations in the Fall of 2011.

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

Reporting Entity

The financial reporting entity consists of the School, organizations for which the School is financially accountable, and organizations that raise and hold economic resources for the direct benefit of the School. All funds, organizations, institutions, agencies, departments, and offices that are not legally separate are part of the School. Legally separate organizations for which the School is financially accountable are considered part of the reporting entity. Financial accountability exists if the School appoints a voting majority of the organization's governing board and is able to impose its will on the organization, or if the organization has the potential to provide benefits to, or impose financial burdens on, the School. The financial statements of the School do not include any separately administered organizations.

The School includes the Ben Franklin Academy Building Corporation (the Building Corporation) within its reporting entity. The Building Corporation was organized in January 2016, primarily to finance the acquisition and construction of educational facilities, and currently leases facilities only to the School. The Building Corporation is blended into the School's financial statements as a Special Revenue Fund and does not issue separate financial statements.

The School is a component unit of Douglas County School District RE-1 (the District). The District authorized the School's charter, and the majority of the School's funding is provided by the District.

Government-wide and Fund Financial Statements

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

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

Separate financial statements are provided for the governmental funds. Major individual governmental funds and other significant funds identified by management are reported as separate columns in the fund financial statements.

BEN FRANKLIN ACADEMY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 1: Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

The *General Fund* is the School's primary operating fund. It accounts for all financial resources of the School.

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

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collected within the current year or soon enough thereafter to pay liabilities of the current year. The School considers all other revenues to be available if they are collected within 180 days of the end of the current year.

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

Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

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

Assets, Liabilities, and Fund Balances / Net Position

Cash and Investments – For purposes of the statement of cash flows, cash equivalents include investments with original maturities of three months or less.

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

Capital Assets - Capital assets, which include property and equipment, are reported in the government-wide financial statements. Capital assets are defined as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the acquisition value on the date of donation. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized.

BEN FRANKLIN ACADEMY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 1: Summary of Significant Accounting Policies (Continued)

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

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

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

Deferred Outflows of Resources – Deferred outflows of resources in the governmental fund financial statements are related to pension and OPEB liabilities but not recognized as a use of current financial resources.

Accrued Salaries and Benefits - Salaries and retirement benefits are paid August to July but are earned during a school year of approximately nine to ten months. The salaries and benefits earned, but unpaid, are reported as a liability in the financial statements.

Unearned Revenue - Unearned revenue are resources received by the School before they are earned, such as tuition and fees.

Long-Term Debt - In the government-wide financial statements, long-term debt and other long-term obligations, such as leases, are reported as liabilities. Debt premiums, discounts and accounting losses resulting from debt refundings are deferred and amortized over the life of the debt using the effective interest method. In the governmental fund financial statements, 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 are reported as other financing uses. Debt issuance costs, whether or not withheld from the debt proceeds, are reported as current expenses or expenditures.

Lease liability is reported for noncancellable leases. The School recognizes lease liability and a corresponding right-to-use lease asset in the governmental activities. The lease liability may include the purchase option(s) that School considers reasonably certain to exercise. The School measures the lease liability at the present value of fixed lease payments expected to be made during the lease term. The lease liability is reduced by the principal lease payment. The lease asset is measured initially based on the amount of the lease liability. The lease is amortized on a straight-line basis over its useful life. The School's discount rate is based on the interest rate in the lease or, if not provided by lessor, the School uses its incremental borrowing rate.

Pensions - The School participates in the School Division Trust Fund (SDTF), 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, and additions to and deductions from the SDTF's fiduciary net position have been determined using the economic resources measurement focus and the accrual basis of accounting, the same basis of accounting used by the SDTF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Employer contributions are recognized when the compensation is payable to the employees. Investments are reported at fair value.

BEN FRANKLIN ACADEMY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 1: Summary of Significant Accounting Policies (Continued)

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

Postemployment Benefits Other Than Pensions (OPEB) - The School participates in the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the Public Employees' Retirement Association of Colorado (PERA). The net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, information about the fiduciary net position, and additions to and deductions from the HCTF's fiduciary net position have been determined using the economic resources measurement focus and the accrual basis of accounting, the same basis of accounting used by the HCTF. For this purpose, the HCTF recognizes benefit payments when due and payable in accordance with the benefit terms. Employer contributions are recognized when the compensation is payable to the employees. Investments are reported at fair value.

Deferred Inflows of Resources – Deferred inflows of resources in the governmental fund financial statements are related to pension and OPEB liabilities but not available as current financial resources.

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

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

NOTE 2: Cash and Investments

At June 30, 2024, the School had the following cash and investments:

Deposits	\$ 761,662
Investments	9,994,450
Total	<u>\$ 10,756,112</u>

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

Cash and Investments	\$ 8,746,175
Restricted Cash and Investments	2,009,937
Total	<u>\$ 10,756,112</u>

Deposits

The Colorado Public Deposit Protection Act (PDPA) requires local government entities to deposit cash in eligible public depositories. Eligibility is determined by State regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. The PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution or held in trust for all uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. At June 30, 2024, the School had bank deposits of \$538,908 collateralized with securities held by the financial institution's agent but not in the School's name.

BEN FRANKLIN ACADEMY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

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

Fair Value Measurements - At June 30, 2024, the School's investments in the local government investment pool reported at the net asset value per share, with each share valued at \$1.

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

Credit Risk - State statutes limit investments in money market funds to those that maintain a constant share price, with a maximum remaining maturity in accordance with the Securities and Exchange Commission's Rule 2a-7, and either have assets of one billion dollars or the highest rating issued by one or more nationally recognized statistical rating organizations (NRSROs).

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

Local Government Investment Pools - At June 30, 2024, the School had \$8,962,302 invested in the Colorado Local Government Liquid Asset Trust (Colotrust), investment vehicles established for local government entities in Colorado to pool surplus funds. The Colorado Division of Securities administers and enforces the requirements of creating and operating the Pools. The Pools operate in conformity with the Securities and Exchange Commission's Rule 2a-7. The Pools are reported at the net asset value per share, with each share valued at \$1. The Pools are rated AAAm by Standard and Poor's. Investments of the Pools are limited to those allowed by State statutes. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. The custodian's internal records identify the investments owned by the participating governments.

At June 30, 2024, the School had \$1,032,148 invested in the Colorado Statewide Investment Pool (CSIP), which is an external investment pool established for local government entities in Colorado to pool surplus funds. The Colorado Division of Securities administers and enforces the requirements of creating and operating the pool. The external investment pool is measured at the net asset value (NAV) per share, with each share valued at \$1.00. The pool is rated AAAm by Standard and Poor's. Investments of the pools are limited to those allowed by State statutes. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. The custodian's internal records identify the investments owned by the participating governments. There are no unfunded commitments, the redemption frequency is daily, and there is no redemption notice period.

BEN FRANKLIN ACADEMY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 2: Cash and Investments (Continued)

Restricted Cash and Investments

Investments of \$2,009,937 have been restricted by the Building Corporation for future debt service and building repair and replacement.

NOTE 3: Capital Assets

Capital asset activity for the year ended June 30, 2024, is summarized below.

	Balances 6/30/2023	Additions	Deletions	Balances 6/30/2024
Governmental Activities				
Capital Assets, Not Being Depreciated:				
Construction in Progress	\$ 25,392	-	25,392	-
Capital Assets, Being Depreciated:				
Buildings	18,842,709	-	-	18,842,709
Land Improvements	567,080	60,339	-	627,419
Equipment	15,492	5,793	-	21,285
Total Capital Assets, Being Depreciated	19,425,281	66,132	-	19,491,413
Less Accumulated Depreciation:				
Buildings	(4,417,470)	(628,084)	-	(5,045,554)
Land Improvements	(205,029)	(62,536)	-	(267,565)
Equipment	(1,549)	(2,128)	-	(3,677)
Total Accumulated Depreciation	(4,624,048)	(692,748)	-	(5,316,796)
Total Capital Assets, Being Depreciated	14,801,233	(626,616)	-	14,174,617
Capital Assets, Governmental Activities, Net	<u>\$ 14,826,625</u>	<u>\$ (626,616)</u>	<u>\$ 25,392</u>	<u>\$ 14,174,617</u>
Lease Asset, Being Amortized:				
Right-to-Use Asset	\$ 6,141,810	\$ -	1,591,697	\$ 4,550,113
Less Accumulated Amortization:				
Right-to-Use Asset	(469,438)	(168,856)	-	(638,294)
Total Lease Asset, Being Amortized, Net	<u>\$ 5,672,372</u>	<u>\$ (168,856)</u>	<u>1,591,697</u>	<u>\$ 3,911,819</u>

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

BEN FRANKLIN ACADEMY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 4: Risk Management

The School is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. The School participates in the Colorado School Districts Self Insurance Pool (CSDSIP) for all risks of loss except workers compensation, for which it utilizes a commercial insurance carrier.

The CSDSIP operates as a self-insurance pool comprised of various school districts and other related public educational entities within the State of Colorado. The CSDSIP is administered by a governing board. The School pays an annual premium to the CSDSIP for various types of property and liability insurance coverage. The CSDSIP's agreement provides that the CSDSIP will be self-sustaining through member premiums and will reinsure through a duly authorized insurer. The reinsurance covers claims against the CSDSIP in excess of specific claim amounts and in the aggregate in an amount and at limits determined by the CSDSIP to be adequate to protect the solvency of the CSDSIP.

NOTE 5: Long-Term Debt

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

	Balance 6/30/2023	Additions	Reductions	Balance 6/30/2024	Due in One Year
Governmental Activities					
2016 Building Loan	\$ 17,040,000	\$ -	\$ (400,000)	\$ 16,640,000	\$ 415,000
Loan Premium	807,550	-	(35,114)	772,436	-
Lease Payable	5,657,138	-	(1,112,588)	4,544,550	13,774
Total	<u>\$ 23,504,688</u>	<u>\$ -</u>	<u>\$ (1,547,702)</u>	<u>\$ 21,956,986</u>	<u>\$ 428,774</u>

In April 2016, the Colorado Educational and Cultural Facilities Authority (CECFA) issued \$19,140,000 Charter School Revenue Bonds, Series 2016. Proceeds of the bonds were loaned to the Building Corporation to finance the purchase and construction of educational facilities. The School is obligated under a lease agreement to make monthly payments to the Building Corporation for the use of the facilities. The Building Corporation is required to make equal loan payments to the Trustee, for payment of the bonds. The bonds accrue interest at rates ranging from 3% to 5% per annum. Interest payments are due semi-annually on July 1 and January 1. Principal payments are due annually on July 1, beginning in 2017 through 2046. Bond payments to maturity are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 415,000	\$ 726,200	\$ 1,141,200
2026	435,000	707,025	1,142,025
2027	455,000	684,775	1,139,775
2028	475,000	661,525	1,136,525
2029	500,000	637,150	1,137,150
2030-2034	2,910,000	2,773,750	5,683,750
2035-2039	3,700,000	1,966,425	5,666,425
2040-2044	4,555,000	1,108,900	5,663,900
2045-2047	3,195,000	194,900	3,389,900
Total	<u>\$ 16,640,000</u>	<u>\$ 9,460,650</u>	<u>\$ 26,100,650</u>

BEN FRANKLIN ACADEMY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 5: Long-Term Debt (Continued)

Ground Lease

In April 2016, the Building Corporation entered into a lease and obtain the rights, title, and interest in a ground lease agreement payable to the Englewood/McLellan Reservoir Foundation, for the right-to-use the land upon which School's educational facilities reside. Monthly payments of \$15,570 were required under the agreement through August 31, 2017, with annual increases effective every September 1, through 2020. The payments are adjusted using the Consumer Price Index with minimum increases of 1% and maximum of 3%, through maturity on August 31, 2036. In addition, the agreement allows for five optional extensions of 10 years each. The Building Corporation reasonably anticipates exercising two optional extensions of 10 years each. In 2023, the Building Corporation remeasured the lease liability based on projected annual increases of 3% and updated the implicit interest rate to 4.02% plus an additional incremental borrowing rate of 1.50%. As a result of this remeasurement, the lease payable decreased by \$1,107,024 and its related right-to-use asset by \$1,591,697.

Lease payments of \$256,619 were made under this agreement during the year ended June 30, 2024. Future minimum lease payments, through the initial term and two optional extensions, assuming increases of 3% after September 1, 2024, are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 13,774	\$ 250,544	\$ 264,318
2026	22,686	249,561	272,247
2027	32,347	248,068	280,415
2028	42,806	246,021	288,827
2029	54,116	243,376	297,492
2030-2034	474,126	1,152,682	1,626,808
2035-2039	921,043	964,872	1,885,915
2040-2044	1,556,879	629,413	2,186,292
2045-2048	1,426,773	133,605	1,560,378
Total	<u>\$ 4,544,550</u>	<u>\$ 4,118,142</u>	<u>\$ 8,662,692</u>

NOTE 6: Defined Benefit Pension Plan

General Information

Plan Description - The School contributes to the School Division Trust Fund (SDTF), a cost-sharing multiple-employer defined benefit pension plan administered by the Public Employees' Retirement Association of Colorado (PERA). All employees of the School participate in the SDTF. Title 24, Article 51 of the Colorado Revised Statutes (CRS), administrative rules set at 8 C.C.R. 1502-1, and applicable provisions of the federal Internal Revenue Code assign the authority to establish and amend plan provisions to the State Legislature. PERA issues a publicly available annual comprehensive financial report, that includes information on the SDTF, which may be obtained at www.copera.org/investments/pera-financial-reports.

BEN FRANKLIN ACADEMY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 6: Defined Benefit Pension Plan (Continued)

General Information (Continued)

Benefits Provided as of December 31, 2023 - The SDTF provides retirement, disability, and survivor benefits to plan participants or their beneficiaries. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure in place, the benefit option selected at retirement, and age at retirement. The retirement benefit is the greater of the a) highest average salary over five years multiplied by 2.5% and then multiplied by years of service credit, or b) the value of the participant's contribution account plus an equal match on the retirement date, annualized into a monthly amount based on life expectancy and other actuarial factors. In no case can the benefit amount exceed the highest average salary, or the amount allowed by applicable federal regulations.

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 CRS Subject to the automatic adjustment provision (AAP) under CRS § 24-51-413, eligible benefit recipients under the PERA benefit structure who began membership before January 1, 2007, will receive the maximum annual increase (AI) or AI cap of 1% 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% 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). The AAP may raise or lower the aforementioned AI cap by up to 0.25% based on the parameters specified in CRS § 24-51-413.

Disability benefits are available for eligible employees once they reach five years of earned service credit and meet the definition of a disability. The disability benefit amount is based on the retirement benefit formula described previously, considering a minimum of 20 years of service credit.

Survivor benefits are determined by several factors, which include the amount of earned service credit, highest average salary of the deceased, the benefit structure in place, and the qualified survivor receiving the benefits.

Contributions provisions as of June 30, 2024 - The School, State, and eligible employees are required to contribute to the SDTF at rates established by Title 24, Article 51, Part 4 of the CRS. These contribution requirements are established and may be amended by the State Legislature. The contribution rate for employees was 11% for the period from July 1, 2023, through June 30, 2024. The School's contribution rate for the fiscal year was 21.40% of covered salaries. However, a portion of the School's contribution (1.02% of covered salaries) is allocated to the Health Care Trust Fund (Note 7). The School's contributions to the SDTF for the year ended June 30, 2024, were \$1,191,924, equal to the required contributions.

For the purposes of GASB 68 paragraph 15, a circumstance exists in which a nonemployer contributing entity is legally responsible for making contributions to the SDTF and is considered to meet the definition of a special funding situation. As specified in CRS § 24-51-414, the State of Colorado is required to contribute a \$225 million direct distribution each year to PERA starting on July 1, 2018. A portion of the direct distribution payment is allocated to the SDTF based on the proportionate amount of annual payroll of the SDTF to the total annual payroll of the SDTF. Direct distribution from the State was suspended in 2020. To compensate PERA for the suspension, CRS § 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 CRS § 24-51-414(9) provides compensatory payment of \$14.561 million for 2023 only.

BEN FRANKLIN ACADEMY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 6: Defined Benefit Pension Plan (Continued)

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

The net pension liability was measured at December 31, 2023, and the total pension liability 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 total pension liability to December 31, 2023.

The School's proportion of the net pension liability was based on the School's contributions to the SDTF for the calendar year ended December 31, 2023, relative to the total contributions of participating employers and the State as a nonemployer contributing entity.

At December 31, 2023, the School's proportion was 0.0780376585%, which was an increase of 0.0235471398% from its proportion measured at December 31, 2022.

At June 30, 2024, the School reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the School. The amount recognized by the School as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the School were as follows:

School's proportionate share of the net pension liability	\$ 13,799,728
State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the School	<u>302,587</u>
Total	<u><u>\$ 14,102,315</u></u>

For the year ended June 30, 2024, the School recognized pension expense of \$1,609,007 and a revenue of (\$23,054) 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	\$ 654,368	\$ -
Net difference between projected and actual earnings on plan investments	989,228	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	2,515,607	797,881
Contributions subsequent to the measurement date	<u>631,247</u>	<u>-</u>
Total	<u><u>\$ 4,790,450</u></u>	<u><u>\$ 797,881</u></u>

BEN FRANKLIN ACADEMY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 6: Defined Benefit Pension Plan (Continued)

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

School contributions subsequent to the measurement date of \$631,247 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:

Year Ended June 30,

2025	\$ 742,699
2026	1,614,237
2027	1,280,209
2028	(275,823)
Total	\$ 3,361,322

Actuarial Assumptions - The actuarial valuation as of December 31, 2022, determined the total pension liability using the following actuarial assumptions and other inputs.

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

Post-retirement benefit increases are provided by the annual increase reserve, accounted for separately in SDTF, and subject to resources being available. Therefore, liabilities related to increases for members of these benefit tiers can never exceed available assets.

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

Post-retirement non-disabled mortality assumptions were based upon the PubT-2010 Healthy Retiree Table, adjusted as follows: 1) 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 and 2) 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 Pub-2010 Contingent Survivor Table, adjusted as follows: 1) males: 97% of the rates for all ages, with generational projection using scale MP-2019 and 2) females: 105% of the rates for all ages, with generational projection using scale MP-2019.

BEN FRANKLIN ACADEMY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 6: Defined Benefit Pension Plan (Continued)

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

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 results of the 2020 experience analysis for the period January 1, 2016, through December 31, 2019, and were reviewed and adopted by the PERA Board at their November 20, 2020, meeting.

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

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

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

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

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%.

BEN FRANKLIN ACADEMY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 6: Defined Benefit Pension Plan (Continued)

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

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

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00%.
- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the scheduled increases in Senate Bill (SB) 18-200, required adjustments resulting from the 2018 and 2020 AAP assessments. Employee contributions for future plan participants were used to reduce the estimated amount of total service costs for future plan members.
- School 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. School contributions also include current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103%, at which point the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated School contributions reflect reductions for the funding of the annual increase reserve and retiree health care benefits. For future plan members, School 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, commencing July 1, 2018, that is proportioned between the PERA Division Trust Funds, including SDTF, based upon the covered payroll. The annual direct distribution ceases when all PERA Division Trust Funds are fully funded.
- School contributions and the amount of total service costs for future plan participants were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The annual increase reserve balance was excluded from the initial fund net position, as, per statute, annual increase reserve amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. Annual increase reserve transfers to the fiduciary net position and the subsequent annual increase reserve benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the middle of the year.
- Beginning with the December 31, 2023, measurement date and thereafter, the fiduciary net position as of the current measurement date is used as a starting point for the GASB 67 projection test.

BEN FRANKLIN ACADEMY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 6: Defined Benefit Pension Plan (Continued)

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

Based on the above assumptions and methods, the SDTF's fiduciary net position was projected to be available to make all projected future benefit payments of current participants. 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 total pension liability. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25%. There was no change in the discount rate from the prior measurement date.

Sensitivity of the School's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the School's proportionate share of the net pension liability calculated using the discount rate of 7.25%, as well as the School's proportionate share of the net pension liability if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, as follows:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	\$ 18,452,533	\$ 13,799,728	\$ 9,919,853

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

NOTE 7: Postemployment Healthcare Benefits

General Information

Plan Description - All employees of the School are eligible to receive postemployment benefits other than pensions (OPEB) through the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the Public Employees' Retirement Association of Colorado (PERA). Title 24, Article 51, Part 12 of the Colorado Revised Statutes (CRS), 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 carryout the purposes of the PERACare program, including administration of the premium subsidies. CRS provisions may be amended by the Colorado General Assembly. PERA issues a publicly available financial report, that includes information on the HCTF, which may be obtained at www.copera.org/investments/pera-financial-reports.

Benefits Provided - The HCTF provides a healthcare premium subsidy to eligible participating 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). Eligibility to enroll is voluntary and includes benefit recipients, their eligible dependents and surviving spouses, among others. Eligible benefit recipients may enroll in the HCTF upon retirement, upon the occurrence of certain life events, or on an annual basis during an open enrollment period. The health care premium subsidy is based on the benefit structure under which the member retires and the member's years of service credit.

BEN FRANKLIN ACADEMY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 7: Postemployment Healthcare Benefits (Continued)

General Information (Continued)

CRS § 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 are eligible for a premium subsidy, if enrolled in a health care plan under PERACare. The basis for the amount of the premium subsidy funded by each trust fund is the percentage of the member contributions account balance from each division as it relates to the total member contribution account balance from which the retirement benefit is paid.

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, and \$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 subsidy is based on 20 or more years of service. The subsidy is reduced by 5% for each year of service less than 20 years. The benefit recipient pays the remaining portion of the premium not covered by the subsidy.

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

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, CRS § 24-51-12-6(4) provides an additional subsidy. According to the State statute, PERA cannot charge premiums to benefit recipients without Medicare Part A that are greater than premiums charged to benefit recipients with Part A for the same plan option, coverage level, and service credit. Currently, for each individual PERACare enrollee, the total premium for Medicare coverage is determined assuming plan participants have both Medicare Part A and Part B and the difference in premium cost is paid by the HCTF on behalf of recipients not covered by Medicare Part A.

Contributions - As established by Title 24, Article 51, Section 208(1)(f) of the CRS, as amended, 1.02% of the School's contributions to the School Division Trust Fund (SDTF) (Note 6) are apportioned to the HCTF. No employee contributions are required. These contribution requirements are established and may be amended by the State Legislature. The School's apportionment to the HCTF for the year ended June 30, 2024, was \$59,655, equal to the required amount.

At June 30, 2024, the School reported a net OPEB liability of \$333,208, representing its proportionate share of the net OPEB liability of the HCTF. The net OPEB liability was measured at December 31, 2023, and the total OPEB liability 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 total OPEB liability 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 contributions of all participating employers.

At December 31, 2023, the School's proportion was 0.0466856913%, which was an increase of 0.0052688891% from its proportion measured at December 31, 2022.

BEN FRANKLIN ACADEMY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 7: Postemployment Healthcare Benefits (Continued)

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

For the year ended June 30, 2024, the School recognized OPEB expense of (\$676). 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	\$ -	\$ 68,297
Changes of assumptions and other inputs	3,919	35,332
Net difference between projected and actual earnings on plan investments	10,307	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	49,576	17,635
Contributions subsequent to the measurement date	31,593	-
Total	<u>\$ 95,395</u>	<u>\$ 121,264</u>

School contributions subsequent to the measurement date of \$31,593 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	\$ (34,772)
2026	(18,497)
2027	(2,725)
2028	(8,480)
2029	3,783
2030	3,229
Total	<u>\$ (57,462)</u>

Actuarial Assumptions - The actuarial valuation as of December 31, 2022, determined the total OPEB liability using the following actuarial cost method, actuarial assumptions, and other inputs, applied to all periods included in the measurement.

BEN FRANKLIN ACADEMY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 7: Postemployment Healthcare Benefits (Continued)

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

Actuarial Cost Method	Entry Age
Price inflation	2.30%
Real wage growth	0.70%
Wage inflation	3.00%
Salary increases, including wage inflation	3.40% - 11.00%
Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Health care cost trend rates:	
Service-based premium subsidy	0.0%
PERACare Medicare plans	
7% in 2023, gradually decreasing to 4.5% in 2033	
Medicare Part A premiums:	
3.5% in 2023, gradually increasing to 4.5% in 2035	

The total OPEB liability for the HCTF, as of the December 31, 2022, measurement date, was adjusted to reflect the disaffiliation, allowable under CRS § 24-51-313, of Tri-County Health Department (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 fiduciary net position as of the December 31, 2022, measurement date.

Annually, the per capita health care costs are developed by plan option. At December 31, 2023, the plan options include 2022 premium rates for the UnitedHealthcare Medicare Advantage Prescription Drug (MAPD) PPO plan #1, the UnitedHealthcare MAPD PPO plan #2, and the Kaiser Permanente MAPD HMO plan. Actuarial morbidity factors are then applied to estimate individual retiree and spouse costs by age, gender, and health care cost trend. This approach applies to all members and is adjusted accordingly for those not eligible for premium-free Medicare Part A for the PERA benefit structure.

Age-Related Morbidity Assumptions		
Participant Age	Annual Increase (Male)	Annual Increase (Female)
65-68	2.2%	2.3%
69	2.8%	2.2%
70	2.7%	1.6%
71	3.1%	0.5%
72	2.3%	0.7%
73	1.2%	0.8%
74	0.9%	1.5%
75-85	0.9%	1.3%
86 and Older	0.0%	0.0%

BEN FRANKLIN ACADEMY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 7: Postemployment Healthcare Benefits (Continued)

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

In determining the additional liability for PERACare enrollees who are age 65 or older and who are not eligible for premium-free Medicare Part A in the December 31, 2023, valuation, the following monthly costs/premium are assumed for 2023 for the PERA Benefit Structure:

Sample Age	MAPD PPO #1 with Medicare Part A for Retiree / Spouse		MAPD PPO #2 with Medicare Part A for Retiree / Spouse		MAPD HMO (Kaiser) with Medicare Part A for Retiree / Spouse	
	Male	Female	Male	Female	Male	Female
65	\$ 1,692	\$ 1,406	\$ 579	\$ 481	\$ 1,913	\$ 1,589
70	\$ 1,901	\$ 1,573	\$ 650	\$ 538	\$ 2,149	\$ 1,778
75	\$ 2,100	\$ 1,653	\$ 718	\$ 566	\$ 2,374	\$ 1,869

Sample Age	MAPD PPO #1 without Medicare Part A for Retiree / Spouse		MAPD PPO #2 without Medicare Part A for Retiree / Spouse		MAPD HMO (Kaiser) without Medicare Part A for Retiree / Spouse	
	Male	Female	Male	Female	Male	Female
65	\$ 1,692	\$ 1,406	\$ 579	\$ 481	\$ 1,913	\$ 1,589
70	\$ 1,901	\$ 1,573	\$ 650	\$ 538	\$ 2,149	\$ 1,778
75	\$ 2,100	\$ 1,653	\$ 718	\$ 566	\$ 2,374	\$ 1,869

The 2022 Medicare Part A premium is \$506 per month. All costs are subject to the health care cost trend rates.

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.

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

BEN FRANKLIN ACADEMY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 7: Postemployment Healthcare Benefits (Continued)

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

Measurement	PERACare	Medicare Part A
Year	Medicare Plans	Premiums
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, reflect generational mortality and were applied, as applicable, in the determination of the total OPEB liability for the HCTF, but developed using a headcount-weighted basis. SDTF participates in the HCTF.

The pre-retirement mortality assumptions for the SDTF were based upon the PubT-2010 Employee Table with generational projection using scale MP-2019. Post-retirement non-disabled mortality assumptions for the SDTF were based upon the PubT-2010 Healthy Retiree Table, adjusted as follows: 1) 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 and 2) 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 Pub-2010 Contingent Survivor Table, adjusted as follows: 1) males: 97% of the rates for all ages, with generational projection using scale MP-2019 and 2) females: 105% of the rates for all ages, with generational projection using scale MP-2019. Disabled mortality assumptions for SDTF members 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 health care costs assumptions were updated and used in the roll-forward calculation for the HCTF. Per capita health care costs as of the December 31, 2022, valuation date for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits were updated to reflect the 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 from actuary's claims data warehouse. The healthcare 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's actuary.

BEN FRANKLIN ACADEMY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 7: Postemployment Healthcare Benefits (Continued)

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

The actuarial assumptions used in the December 31, 2022, valuations 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, and were reviewed and adopted by the PERA Board at their November 20, 2020, meeting.

The long-term expected return on plan assets is reviewed as part of regular experience studies 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 weighing the expected future real rates of return by the target asset allocation percentages and then adding expected inflation.

The PERA Board first adopted the 7.25% long-term expected rate of return as of November 18, 2016. Following an asset/liability study, the Board reaffirmed the assumed rate of return at the Board's November 15, 2019, meeting, to be effective January 1, 2020.

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

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

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

Discount rate - The discount rate used to measure the total OPEB liability was 7.25%. The projection of cash flows used to determine the discount rate applied the actuarial cost method and assumptions. 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.

BEN FRANKLIN ACADEMY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 7: Postemployment Healthcare Benefits (Continued)

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

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3%.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Estimated transfers of dollars into the HCTF representing a portion of purchase service agreements intended to cover the costs associated with OPEB benefits.
- Benefit payments and contributions were assumed to be made at the middle of the year.
- Beginning with the December 31, 2023, measurement date and thereafter, the fiduciary net position as of the current measurement date is used as a starting point for the GASB 74 projection test.
- As of December 31, 2023, measurement date, the fiduciary net position and related disclosure components for the HCTF reflect payments related to disaffiliation of Tri-County Health Department as a PERA-affiliated employer, effective December 31, 2022. As of December 31, 2023, 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.

Based on the above assumptions and methods, the HCTF's fiduciary net position 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 total OPEB liability. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25%. There was no change in the discount rate from the prior measurement date.

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

	<u>1% Decrease in Trend Rates</u>	<u>Current Trend Rates (7.25%)</u>	<u>1% Increase in Trend Rates</u>
Initial PERACare Medicare trend rate	5.75%	6.75%	7.75%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	2.50%	3.50%	4.50%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability	<u>\$ 323,644</u>	<u>\$ 333,208</u>	<u>\$ 343,611</u>

BEN FRANKLIN ACADEMY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 7: Postemployment Healthcare Benefits (Continued)

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

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	\$ 393,560	\$ 333,208	\$ 281,576

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

NOTE 8: Commitments and Contingencies

Claims and Judgments

The School participates in a number of federal, state, and local programs that are fully or partially funded by grants received from other governmental entities. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the School may be required to reimburse the grantor government. At June 30, 2024, significant amounts of grant 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 Article X, Section 20 (the Amendment) to the State Constitution which limits state and local government taxing powers and imposes spending limits. The School is subject to the Amendment.

The Amendment is subject to many interpretations, but the School believes it is in substantial compliance with the Amendment.

The Amendment requires the School to establish a reserve for emergencies, representing 3% of qualifying expenditures. At June 30, 2024, the School's emergency reserve was reported as restricted fund balance in the General Fund, in the amount of \$371,603.

Litigation

The School from time to time is involved in various legal matters. In the opinion of the School's counsel, there are no pending legal issues that would have a material adverse effect on the financial condition of the School.

REQUIRED SUPPLEMENTARY INFORMATION

BEN FRANKLIN ACADEMY
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
Year Ended June 30, 2024

	BUDGET			VARIANCE
	ORIGINAL	FINAL	ACTUAL	Positive (Negative)
REVENUES				
Local Sources	\$ 9,704,763	\$ 9,929,721	\$ 11,779,818	\$ 1,850,097
State Grants	1,458,119	2,372,160	606,943	(1,765,217)
 TOTAL REVENUES	 11,162,882	 12,301,881	 12,386,761	 84,880
EXPENDITURES				
Current				
Salaries	5,804,869	6,735,554	6,629,161	106,393
Employee Benefits	1,528,247	1,788,881	1,755,332	33,549
Purchased Services	2,968,921	2,953,907	2,676,181	277,726
Supplies	497,961	608,352	571,657	36,695
Property	242,000	393,220	393,005	215
Other	80,905	87,405	82,758	4,647
Debt Service				
Principal	-	-	5,563	(5,563)
Interest	-	-	251,056	(251,056)
 TOTAL EXPENDITURES	 11,122,903	 12,567,319	 12,364,713	 202,606
 EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	 39,979	 (265,438)	 22,048	 287,486
OTHER FINANCING SOURCES (USES)				
Transfers In	-	60,218	60,218	-
 CHANGE IN FUND BALANCE	 39,979	 (205,220)	 82,266	 287,486
 FUND BALANCE, Beginning	 6,608,707	 7,284,602	 7,528,385	 243,783
 FUND BALANCE, Ending	 \$ 6,648,686	 \$ 7,079,382	 \$ 7,610,651	 \$ 531,269

BEN FRANKLIN ACADEMY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AND CONTRIBUTIONS
PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION OF COLORADO SCHOOL DIVISION TRUST FUND
June 30, 2024

MEASUREMENT DATE	<u>12/31/23</u>	<u>12/31/22</u>	<u>12/31/21</u>	<u>12/31/20</u>
PROPORTIONATE SHARE OF THE NET PENSION LIABILITY				
School's Proportion of the Net Pension Liability	0.0780376585%	0.0544905187%	0.0649409353%	0.0749102530%
School's Proportionate Share of the Net Pension Liability	\$ 13,799,728	\$ 9,922,432	\$ 7,557,414	\$ 11,324,919
State's Proportionate Share of the Net Pension Liability				
Pension Liability Associated with the School	<u>302,587</u>	<u>2,891,496</u>	<u>866,357</u>	<u>-</u>
Total Proportionate Share of the Net Pension Liability	<u>\$ 14,102,315</u>	<u>\$ 12,813,928</u>	<u>\$ 8,423,771</u>	<u>\$ 11,324,919</u>
School's Covered Payroll	\$ 5,158,991	\$ 4,202,833	\$ 4,058,603	\$ 4,004,717
School's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	267%	236%	186%	283%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	65%	62%	75%	67%
FISCAL YEAR END	<u>6/30/24</u>	<u>6/30/23</u>	<u>6/30/22</u>	<u>6/30/21</u>
SCHOOL CONTRIBUTIONS				
Statutorily Required Contribution	\$ 1,191,924	\$ 897,550	\$ 815,199	\$ 820,949
Contributions in Relation to the Statutorily Required Contribution	<u>(1,191,924)</u>	<u>(897,550)</u>	<u>(815,199)</u>	<u>(820,949)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School's Covered Payroll	\$ 5,848,500	\$ 4,401,658	\$ 4,100,600	\$ 4,127,197
Contributions as a Percentage of Covered Payroll	20.38%	20.39%	19.88%	19.89%

<u>12/31/19</u>	<u>12/31/18</u>	<u>12/31/17</u>	<u>12/31/16</u>	<u>12/31/15</u>	<u>12/31/14</u>
0.0676714363%	0.0660129447%	0.0740958236%	0.0719085687%	0.0690406818%	0.0659675699%
\$ 10,109,966	\$ 11,688,948	\$ 23,959,956	\$ 21,409,962	\$ 10,559,285	\$ 8,940,822
<u>1,282,320</u>	<u>1,598,298</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 11,392,286</u>	<u>\$ 13,287,246</u>	<u>\$ 23,959,956</u>	<u>\$ 21,409,962</u>	<u>\$ 10,559,285</u>	<u>\$ 8,940,822</u>
\$ 3,976,952	\$ 3,628,736	\$ 3,417,953	\$ 3,227,385	\$ 3,008,777	\$ 2,763,570
254%	322%	701%	663%	351%	324%
65%	57%	44%	43%	59%	63%
<u>06/30/20</u>	<u>06/30/19</u>	<u>06/30/18</u>	<u>06/30/17</u>	<u>06/30/16</u>	<u>06/30/15</u>
\$ 759,160	\$ 740,542	\$ 660,897	\$ 612,702	\$ 551,944	\$ 483,982
<u>(759,160)</u>	<u>(740,542)</u>	<u>(660,897)</u>	<u>(612,702)</u>	<u>(551,944)</u>	<u>(483,982)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 3,917,228	\$ 3,870,733	\$ 3,500,308	\$ 3,333,281	\$ 3,112,456	\$ 2,865,433
19.38%	19.13%	18.88%	18.38%	17.73%	16.89%

BEN FRANKLIN ACADEMY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY AND CONTRIBUTIONS
PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION OF COLORADO HEALTH CARE TRUST FUND
June 30, 2024

MEASUREMENT DATE	<u>12/31/23</u>	<u>12/31/22</u>	<u>12/31/21</u>
PROPORTIONATE SHARE OF THE NET OPEB LIABILITY			
School's Proportion of the Net OPEB Liability	0.0466856913%	0.0414168022%	0.0424015047%
School's Proportionate Share of the Net OPEB Liability	\$ 333,208	\$ 338,159	\$ 365,360
School's Covered Payroll	\$ 5,158,991	\$ 4,202,833	\$ 4,058,603
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%	39%
FISCAL YEAR END	<u>6/30/24</u>	<u>6/30/23</u>	<u>6/30/22</u>
SCHOOL CONTRIBUTIONS			
Statutorily Required Contribution	\$ 59,655	\$ 44,897	\$ 41,826
Contributions in Relation to the Statutorily Required Contribution	<u>(59,655)</u>	<u>(44,897)</u>	<u>(41,826)</u>
Contribution Deficiency (Excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
School's Covered Payroll	\$ 5,848,500	\$ 4,401,658	\$ 4,100,600
Contributions as a Percentage of Covered Payroll	1.02%	1.02%	1.02%

This schedule is presented to show information for 10 years.

Information is presented for above periods until the information for the full 10-year period is available.

<u>12/31/20</u>	<u>12/31/19</u>	<u>12/31/18</u>	<u>12/31/17</u>	<u>12/31/16</u>
0.0433061231%	0.0442298421%	0.0429087765%	0.0421009666%	0.1098000000%
\$ 365,630	\$ 497,143	\$ 583,792	\$ 547,144	\$ 1,423,672
\$ 4,004,717	\$ 3,976,952	\$ 3,628,736	\$ 3,417,953	\$ 8,670,279
9%	13%	16%	16%	16%
33%	24%	17%	18%	17%
<u>6/30/21</u>	<u>6/30/20</u>	<u>6/30/19</u>	<u>6/30/18</u>	<u>6/30/17</u>
\$ 42,121	\$ 39,956	\$ 39,481	\$ 35,703	\$ 88,389
(42,121)	(39,956)	(39,481)	(35,703)	(88,389)
\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
\$ 4,127,197	\$ 3,917,228	\$ 3,870,733	\$ 3,500,308	\$ 8,665,583
1.02%	1.02%	1.02%	1.02%	1.02%

BEN FRANKLIN ACADEMY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 1: Stewardship, Compliance, and Accountability

Budgetary Information

Budgets are adopted for all funds on a basis consistent with generally accepted accounting principles. The School adheres to the following procedures to establish the budgetary information reflected in the financial statements.

- Management submits to the Board of Directors a proposed budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing them.
- Prior to June 30, the budget is adopted by the Board of Directors.
- Expenditures may not legally exceed budget 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.

NOTE 2: Significant Changes in Plan Provisions Affecting Trends in Actuarial Information

- *STDF Plan* - 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 Academy 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.
- *HCTF Plan* - 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.

NOTE 3: Changes in Assumptions and Other Inputs

- No changes made to the actuarial methods or assumptions.