

CARBON VALLEY ACADEMY
A COMPONENT UNIT OF THE ST. VRAIN VALLEY SCHOOL DISTRICT RE-1J

FREDERICK, COLORADO

FINANCIAL STATEMENTS
WITH THE INDEPENDENT AUDITOR'S REPORT

JUNE 30, 2024

CARBON VALLEY ACADEMY
A COMPONENT UNIT OF ST. VRAIN VALLEY SCHOOL DISTRICT RE-1J
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June 30, 2024

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Carbon Valley Academy
Frederick, 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 Carbon Valley Academy (the School), a component unit of the St. Vrain Valley School District RE-1J, 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 the School, 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 11, 2024
Bailey, Colorado

Carbon Valley Academy Management's Discussion and Analysis

As management of Carbon Valley Academy, we offer readers of the School's financial statements this narrative overview and analysis of financial activities for the fiscal year ended June 30, 2024.

Financial Highlights

At the close of its 20th year of operation, the liabilities of the School exceeded its assets by \$2,789,889 (net position). The deficit net position is largely due to the School reporting its net pension and OPEB liabilities as required by GASB 68/75.

At the close of the fiscal year Carbon Valley Academy governmental funds reported a combined ending fund balance of \$889,228, a decrease of \$192,615.

Overview of Financial Statements

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

Government-wide Financial Statements

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

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

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

The government-wide financial statement of activities distinguishes functions/programs of the School supported primarily by per pupil revenue (PPR) and other grant revenues passed through from the District (St.Vrain Valley School District) received from the County and State. The governmental activities of the School include instruction and supporting expenses.

The government-wide financial statements can be found on pages 3-4 of this report.

Fund Financial Statements

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

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

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

In the fund financial statements, the School reports two major governmental funds: the General Fund which is the School's primary operating fund, and the Building Fund which is used to account for the financial activities of the Building Corporation.

The School adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with the budget.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. This information is provided in pages 9-30.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the School, total deficit net position was \$2,789,889 for all government funds as the close of the most recent fiscal year.

School's Net Position as of June 30, 2024, and June 30, 2023

	<u>Governmental Activities</u>	
	<u>6/30/24</u>	<u>6/30/23</u>
Cash and Investments	\$ 1,129,375	\$ 1,248,705
Restricted Cash and Investments	-	-
Other Assets	25,107	74,637
Capital Assets, Net	229,407	131,119
Lease/Right of Use Asset, Net of Accum. Amortization	7,821,258	8,374,928
Total Assets	<u>9,205,147</u>	<u>9,829,389</u>
Deferred Outflow of Resources	<u>1,626,679</u>	<u>697,666</u>
Current Liabilities	265,254	241,499
Accrued Interest	-	-
Noncurrent Liabilities	13,208,063	12,061,716
Total Liabilities	<u>13,473,317</u>	<u>12,303,215</u>
Deferred Inflow of Resources	<u>148,398</u>	<u>262,552</u>
Net Position		
Net Investment in Capital Assets	(461,743)	(181,260)
Restricted	106,395	105,536
Unrestricted	(2,434,541)	(1,962,988)
Total Net Position	<u>\$ (2,789,889)</u>	<u>\$ (2,038,712)</u>

**School's Change in Net Position For the Years Ended June 30, 2024
and June 30, 2023**

	<u>Governmental Activities</u>	
	<u>6/30/24</u>	<u>6/30/23</u>
Program Revenue:		
Charges for Services	\$ 45,135	\$ -
Operating Grants and Contributions	71,297	212,389
Capital Grants and Contributions	104,994	207,737
Total Program Revenue	<u>221,426</u>	<u>420,126</u>
General Revenue:		
Per Pupil Operating Revenue	2,572,383	2,490,963
Mill Levy Override	611,461	543,076
Investment Earnings	-	-
Unrestricted State Aid	-	-
Other	37,023	215,557
Special Item - Gain on Sale of Assets		
Total General Revenue	<u>3,220,867</u>	<u>3,249,596</u>
Total Revenue	<u>3,442,293</u>	<u>3,669,722</u>
Expenses:		
Instruction	2,157,056	1,554,548
Supporting Services	1,722,471	1,913,929
Interest and Fiscal Charges	313,943	-
Total Expenses	<u>4,193,470</u>	<u>3,468,477</u>
Increase (Decrease) in Net Position	(751,177)	201,245
Beginning Net Position	<u>(2,038,712)</u>	<u>(2,239,957)</u>
Ending Net Position	<u>\$ (2,789,889)</u>	<u>\$ (2,038,712)</u>

Financial Analysis of the Governmental Funds

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

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

As of the end of the current fiscal year, June 30, 2024, the School's governmental funds reported a combined ending fund balance of \$889,228, a decrease of \$192,615.

General Fund Budgetary Highlights

The School approves a budget in June based on enrollment projections for the following school year. In October after enrollment stabilizes, adjustments are made to the budget. Enrollment for FY24, per certified count, was 248.0 funded pupil count.

Long-Term Lease Agreement

School originally entered into a lease agreement with the School Building Corporation in 2009 for use of the new facility. The bonds under which the lease was based were issued in 2017. The building/property was sold in June 2022, at which time the School entered into a lease agreement for the school building. The agreement requires monthly payments over 25 years ranging from \$27,708 to \$60,507. In FY24, the monthly rent under this lease agreement was \$32,822 (annual rent of \$393,864.)

Economic Factors and Next Year's Budget

Primary factors for next year's budget are student enrollment and PPR. Enrollment for FY24 was 248. This information was analyzed for the proposed FY25 budget, which was subsequently based on enrollment of 248 and PPR of \$11,089.76.

Requests for Information

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

Carbon Valley Academy
Attn: Michele Saller
4040 Coriolis Way
Frederick, CO 80504

BASIC FINANCIAL STATEMENTS

CARBON VALLEY ACADEMY
STATEMENT OF NET POSITION
June 30, 2024

	<u>PRIMARY GOVERNMENT GOVERNMENTAL ACTIVITIES</u>
ASSETS	
Cash and Investments	\$ 1,129,375
Accounts Receivable	2,491
Due from District	3,479
Prepaid Expenses	19,137
Capital Assets, <i>Net of Accumulated Depreciation</i>	229,407
Right-to-Use Asset, <i>Net of Accumulated Amortization</i>	<u>7,821,258</u>
TOTAL ASSETS	<u>9,205,147</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pensions, <i>Net of Accumulated Amortization</i>	1,583,760
OPEB, <i>Net of Accumulated Amortization</i>	<u>42,919</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>1,626,679</u>
LIABILITIES	
Accounts Payable	70,398
Due to District	4,325
Accrued Salaries and Benefits	141,722
Accrued Liabilities	48,809
Noncurrent Liabilities	
Due in One Year	138,783
Due in More Than One Year	8,373,625
Net Pension Liability	4,584,947
Net OPEB Liability	<u>110,708</u>
TOTAL LIABILITIES	<u>13,473,317</u>
DEFERRED INFLOWS OF RESOURCES	
Pensions, <i>Net of Accumulated Amortization</i>	106,545
OPEB, <i>Net of Accumulated Amortization</i>	<u>41,853</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>148,398</u>
NET POSITION	
Net Investment in Capital Assets	(461,743)
Restricted for Emergencies	106,395
Unrestricted	<u>(2,434,541)</u>
TOTAL NET POSITION	<u>\$ (2,789,889)</u>

See Notes to the Financial Statements.

CARBON VALLEY ACADEMY
STATEMENT OF ACTIVITIES
Year Ended June 30, 2024

FUNCTIONS / PROGRAMS	EXPENSES	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGE IN NET POSITION
PRIMARY GOVERNMENT		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	PRIMARY GOVERNMENT
Governmental Activities					GOVERNMENTAL ACTIVITIES
Instruction	\$ 2,157,056	\$ -	\$ 30,196	\$ -	\$ (2,126,860)
Supporting Services	1,722,471	45,135	41,101	104,994	(1,531,241)
Interest on Long-Term Debt	313,943	-	-	-	(313,943)
TOTAL GOVERNMENTAL ACTIVITIES	\$ 4,193,470	\$ 45,135	\$ 71,297	\$ 104,994	(3,972,044)
GENERAL REVENUES					
Per Pupil Revenue					2,572,383
District Mill Levy					611,461
Other					37,023
TOTAL GENERAL REVENUES					3,220,867
CHANGE IN NET POSITION					(751,177)
NET POSITION, Beginning					<u>(2,038,712)</u>
NET POSITION, Ending					<u>\$ (2,789,889)</u>

CARBON VALLEY ACADEMY

BALANCE SHEET

GOVERNMENTAL FUND

June 30, 2024

	<u>GENERAL</u>	<u>BUILDING</u>	<u>TOTAL</u>
ASSETS			
Cash and Investments	\$ 1,123,256	\$ 6,119	\$ 1,129,375
Accounts Receivable	2,491	-	2,491
Due From District	3,479	-	3,479
Prepaid Expenditures	19,137	-	19,137
	<u>1,148,363</u>	<u>6,119</u>	<u>1,154,482</u>
TOTAL ASSETS	\$ <u>1,148,363</u>	\$ <u>6,119</u>	\$ <u>1,154,482</u>
LIABILITIES AND FUND BALANCE			
LIABILITIES			
Accounts Payable	\$ 70,398	\$ -	\$ 70,398
Due to District	4,325	-	4,325
Accrued Salaries and Benefits	141,722	-	141,722
Accrued Liabilities	48,809	-	48,809
	<u>265,254</u>	<u>-</u>	<u>265,254</u>
TOTAL LIABILITIES	<u>265,254</u>	<u>-</u>	<u>265,254</u>
FUND BALANCE			
Nonspendable Prepaid Expenditures	19,137	-	19,137
Restricted for Emergencies	106,395	-	106,395
Committed for Capital Projects	-	6,119	6,119
Unassigned	757,577	-	757,577
	<u>883,109</u>	<u>6,119</u>	<u>889,228</u>
TOTAL FUND BALANCE	<u>883,109</u>	<u>6,119</u>	<u>889,228</u>
TOTAL LIABILITIES AND FUND BALANCE	\$ <u>1,148,363</u>	\$ <u>6,119</u>	\$ <u>1,154,482</u>

CARBON VALLEY 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	\$	889,228
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds.		8,050,665
Long-term liabilities and related items are not due and payable in the current year and, therefore, are not reported in governmental funds:		
Financed Purchases and Leases Payable		(8,512,408)
Net Pension Liability		(4,584,947)
Pension-Related Deferred Outflows of Resources		1,583,760
Pension-Related Deferred Inflows of Resources		(106,545)
Net OPEB Liability		(110,708)
OPEB-Related Deferred Outflows of Resources		42,919
OPEB-Related Deferred Inflows of Resources		<u>(41,853)</u>
Total Net Position of Governmental Activities	\$	<u><u>(2,789,889)</u></u>

CARBON VALLEY ACADEMY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
GOVERNMENTAL FUND
Year Ended June 30, 2024

	GENERAL FUND	BUILDING CORPORATION	TOTAL
REVENUES			
Local Sources	\$ 3,260,796	\$ -	\$ 3,260,796
State Sources	181,497	-	181,497
	3,442,293	-	3,442,293
TOTAL REVENUES	3,442,293	-	3,442,293
EXPENDITURES			
Instruction	1,944,383	-	1,944,383
Supporting Services	1,201,285	53,881	1,255,166
Debt Service			
Principal	121,416	-	121,416
Interest and Fees	313,943	-	313,943
	3,581,027	53,881	3,634,908
TOTAL EXPENDITURES	3,581,027	53,881	3,634,908
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(138,734)	(53,881)	(3,634,908)
OTHER FINANCING SOURCES (USES)			
Transfers In	-	60,000	60,000
Transfers Out	(60,000)	-	(60,000)
	(60,000)	60,000	-
TOTAL OTHER FINANCING SOURCES (USES)	(60,000)	60,000	-
CHANGE IN FUND BALANCE	(198,734)	6,119	(192,615)
FUND BALANCE, Beginning	1,081,843	-	1,081,843
FUND BALANCE, Ending	\$ 883,109	\$ 6,119	\$ 889,228

CARBON VALLEY ACADEMY

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGE IN FUND BALANCE OF THE GOVERNMENTAL FUND 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 Balance of the Governmental Fund	\$	(192,615)
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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:

Depreciation Expense		(62,378)
Amortization Expense		(346,109)
Loss on Disposal of Capital Assets		(58,895)
Capital Outlay		12,000

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. This also includes the adjustment.		174,899
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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:

Net Pension Liability		(1,321,673)
Pension-Related Deferred Outflows of Resources		891,912
Pension-Related Deferred Inflows of Resources		131,165
Net OPEB Liability		427
OPEB-Related Deferred Outflows of Resources		37,101
OPEB-Related Deferred Inflows of Resources		<u>(17,011)</u>

Change in Net Position of Governmental Activities	\$	<u><u>(751,177)</u></u>
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CARBON VALLEY ACADEMY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 1: Summary of Significant Accounting Policies

Carbon Valley Academy (the School), a component unit of the St. Vrain Valley School District RE-1J, was established pursuant to the Colorado Charter Schools Act to form and operate a charter school in March of 2005. The focus of the School is to provide a Core Knowledge based curriculum to students from preschool to 8th grade.

The accounting policies of the School conform to generally accepted accounting principles 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 is a component unit of the St. Vrain Valley School District (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*.

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

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 activities of the School.

The *Building Fund* is used to account for the financial activities of the Building Corporation.

CARBON VALLEY 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 (Continued)

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 60 days of the end of the current year, except for State and federal grants.

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 Balance / 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.

Prepaid Expenditures – Certain payments to vendors reflect costs applicable to future years and reported as prepaid expenditures or prepaid expenses.

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

Equipment

3-40 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.

CARBON VALLEY 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)

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.

Compensated Absences – The School’s policy allows employees to accumulate personal leave. However, employees are not paid for unused personal leave upon termination of employment. Therefore, no liability for accumulated leave is reported in the financial statements.

Leases – The School determines if an arrangement is a lease at inception. For leasing arrangements where the School is the lessee, leases are reported as right-to-use assets and noncurrent liabilities in the statement of net position.

Lease assets represent the School’s control of the right-to-use an underlying asset for the lease term, as specified in the contract, in an exchange or exchange-like transaction. Lease assets are recognized at the commencement date on the initial measurement of the lease liabilities, plus any payment made to the lessor at or before the commencement of the lease term and certain direct costs. Lease assets are amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset. Leased assets are defined by the School as assets with an initial, individual cost of more than \$5,000.

Lease liabilities represent the School’s obligation to make lease payments arising from the lease. Lease liabilities are recognized at the commencement date based on the present value of expected lease payments over the lease term, less any lease incentives. Interest expense is recognized ratably over the contract term. The lease term may include options to extend or terminate the lease when it is reasonably certain that the School will exercise that option.

For individual lease contracts where information about the discount rate implicit in the lease is not included, the School has elected to use the incremental borrowing rate to calculate the present value of expected lease payments.

Pensions - The School participates in the School Division Trust Fund (SCHDTF), 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 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 SCHDTF. 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.

CARBON VALLEY 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 SCHDTF. For this purpose, the SCHCTF 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:

Cash on Hand	\$ 377
Deposits	1,128,998
Total	\$ 1,129,375

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 \$1,133,825 with \$250,000 insured by FDIC and \$883,825 collateralized with securities held by the financial institution's agent but not in the School's name.

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.

CARBON VALLEY ACADEMY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 2: Cash and Investments (Continued)

Investments (Continued)

- 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

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.

The School had no investments at June 30, 2024.

NOTE 3: Capital Assets

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

	Balance 6/30/2023*	Additions	Deletions	Balance 6/30/2024
Governmental Activities				
Capital Assets, Being Depreciated / Amortized:				
Equipment	\$ 440,249	\$ 12,000	\$ -	\$ 452,249
Right-to-Use Lease Assets	8,603,854	-	91,564	8,512,290
Total Capital Assets, Being Depreciated	<u>9,044,103</u>	<u>12,000</u>	<u>91,564</u>	<u>8,964,539</u>
Less Accumulated Depreciation / Amortization:				
Equipment	(160,464)	(62,378)	-	(222,842)
Right-to-Use Lease Assets	(377,592)	(346,109)	(32,669)	(691,032)
Total Accumulated Depreciation / Amortization	<u>(538,056)</u>	<u>(408,487)</u>	<u>(32,669)</u>	<u>(913,874)</u>
Total Capital Assets, Being Depreciated / Amortized, Net \$	<u>8,506,047</u>	<u>\$ (396,487)</u>	<u>\$ 58,895</u>	<u>\$ 8,050,665</u>

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

*At June 30, 2023, the School reclassified the two buses from a right-to-use asset to equipment for a more accurate disclosure. During the fiscal year ended June 30, 2024, the School adjusted the right-to-use assets in the amount of \$58,895 to match the depreciation / amortization schedules. These adjustments were not significant to the government-wide financial statements.

CARBON VALLEY ACADEMY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 4: Long-term Debt

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

	Balance 6/30/2023	Additions	Payments	Balance 6/30/2024	Due Within One Year
Governmental Activities					
Financed Purchase - Buses	\$ 97,665	\$ 53,724	\$ 27,058	\$ 124,331	\$ 28,329
Lease - Building	8,528,014	-	165,193	8,362,821	103,491
Lease - Copiers	61,628	-	36,372	25,256	6,963
Total Long-Term Debt	8,687,307	53,724	228,623	8,512,408	138,783
Net Pension Liability	3,263,274	1,321,673	-	4,584,947	-
Net OPEB Liability	111,135	-	427	110,708	-
Total	<u>\$ 12,061,716</u>	<u>\$ 1,375,397</u>	<u>\$ 229,050</u>	<u>\$ 13,208,063</u>	<u>\$ 138,783</u>

*At June 30, 2023, the School reclassified the buses from a lease to a financed purchase to accurately classify the long-term debt. In addition, during the fiscal year ended June 30, 2024, the School made an adjustment in the amount of \$53,724 to the bus financing purchase to match the payment schedules and assumptions made by the School. These corrections were not significant to the government-wide financial statements.

Net Pension Liability and Net OPEB Liability disclosures are described in Note 5 and Note 6.

Financed Purchase Agreement

On August 1, 2021, the School entered into a financed purchase agreement for two buses valued at \$213,367. Ownership of the two buses transfers to the School upon final payment. Payments are made monthly in the amount of \$2,788 for a period of seven years, with an implicit interest rate at 4.60% per annum. In 2024, the School paid \$33,456, including principal and interest of \$27,058 and \$6,398, respectively. At June 30, 2024, the cost of the buses and the related accumulated depreciation were \$177,912 and \$119,421, respectively. The future minimum payments under the financed purchase agreement as of June 30, 2024, are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 28,329	\$ 5,127	\$ 33,456
2026	29,660	3,796	33,456
2027	31,053	2,402	33,455
2028	32,512	944	33,456
2029	2,777	11	2,788
Total	<u>\$ 124,331</u>	<u>\$ 12,280</u>	<u>\$ 136,611</u>

Lease Agreements

On August 25, 2022, the School entered into a lease agreement for the right-to-use two copiers originally valued at \$37,326. Payments are made monthly in the amount of \$670 for a period of 63 months, with an implicit interest rate at 4.86% per annum. In 2024, the School paid \$8,039, including principal and interest of \$6,633 and \$1,406, respectively. At June 30, 2024, the right-to-use asset cost and accumulated amortization were \$37,326 and \$24,391, respectively, with an annual amortization expense of \$13,034.

CARBON VALLEY ACADEMY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 4: Long-term Debt (Continued)

Lease Agreements (Continued)

On June 17, 2022, the School entered into a lease agreement for the school building valued at \$13,295,346. The agreement requires monthly payments over 25 years ranging from \$27,708 to \$60,507, at an interest rate of 4.91%. The agreement has a built in escalate rate of 3-18% until 2027, after which point it increases by 2.5% per year. In 2024, the School paid \$393,864, including principal and interest of \$306,139 and \$87,725, respectively. At June 30, 2024, the right-to-use asset cost and accumulated amortization were \$8,474,965 and \$7,796,968, respectively, with an annual amortization expense of \$677,997.

The School has an option to purchase the building from the lessor at the dates specified as follows:

- Period ending July 31, 2024, and 2025, for \$6,000,000
- Period ending July 31, 2026, for \$6,180,000
- Period ending July 31, 2027, for \$6,365,400
- Periods subsequent August 1, 2027, for a negotiable price in good faith.

At June 30, 2024, the School does not intend to exercise the purchase options to purchase the leased property. Future debt service requirements for the leases, based upon the amount and terms as of June 30, 2024, are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 110,454	\$ 303,761	\$ 414,215
2026	127,151	299,376	426,527
2027	156,978	294,161	451,139
2028	169,403	288,123	457,526
2029	183,787	281,744	465,531
2030-2034	1,218,873	1,289,290	2,508,163
2035-2039	1,822,014	1,015,742	2,837,756
2040-2044	2,592,688	617,973	3,210,661
2044-2047	2,006,729	115,911	2,122,640
Total	<u>\$ 8,388,077</u>	<u>\$ 4,506,081</u>	<u>\$ 12,894,158</u>

NOTE 5: 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.

CARBON VALLEY ACADEMY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 5: 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 6). The School's contributions to the SDTF for the year ended June 30, 2024, were \$364,970, 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.

CARBON VALLEY ACADEMY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 5: 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 0.0259279410%, which was an increase of 0.0080071840% from its proportion measured at December 31, 2023.

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	\$ 4,584,947
State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the School	100,534
Total	\$ 4,685,481

For the year ended June 30, 2024, the School recognized pension expense of \$663,329 and a revenue of (\$7,660) 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	\$ 217,415	\$ -
Changes of assumptions and other inputs	-	-
Net difference between projected and actual earnings on plan investments	328,668	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	855,430	106,545
Contributions subsequent to the measurement date	182,247	-
Total	\$ 1,583,760	\$ 106,545

School contributions subsequent to the measurement date of \$182,247 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:

CARBON VALLEY ACADEMY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 5: Defined Benefit Pension Plan (Continued)

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

Year Ended June 30,

2025	\$	382,425
2026		576,056
2027		428,129
2028		(91,642)
Total	\$	1,294,968

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		3.80% - 11.50%
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.

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.

CARBON VALLEY ACADEMY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 5: Defined Benefit Pension Plan (Continued)

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

The 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	<u>100.00%</u>	

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 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%.

CARBON VALLEY ACADEMY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 5: Defined Benefit Pension Plan (Continued)

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

- 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.

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.

CARBON VALLEY ACADEMY
NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2024

NOTE 5: Defined Benefit Pension Plan (Continued)

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

Sensitivity of the School's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the 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	\$ 6,130,837	\$ 4,584,947	\$ 3,295,862

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 6: 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 carry out 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.

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.

CARBON VALLEY ACADEMY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 6: Postemployment Healthcare Benefits (Continued)

General Information (Continued)

PERA Benefit Structure - The maximum service-based premium subsidy is \$230 per month for benefit recipients who are under 65 years of age and who are not entitled to Medicare, 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.

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 5) 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 \$18,266, equal to the required amount.

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

At June 30, 2024, the School reported a net OPEB liability of \$110,708, 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 0.0155112738%, which was an increase of 0.0018998357% from its proportion measured at December 31, 2022.

For the year ended June 30, 2024, the School recognized OPEB expense of \$4,419. At June 30, 2024, the School reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

CARBON VALLEY ACADEMY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 6: Postemployment Healthcare Benefits (Continued)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 22,692
Changes of assumptions and other inputs	1,302	11,739
Net difference between projected and actual earnings on plan investments	3,425	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	29,071	7,422
Contributions subsequent to the measurement date	9,121	-
Total	\$ 42,919	\$ 41,853

School contributions subsequent to the measurement date of \$9,121 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:

Year Ended June 30,

2025	\$ (10,895)
2026	(4,245)
2027	3,632
2028	194
2029	2,071
2030	1,188
Total	\$ (8,055)

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.

CARBON VALLEY ACADEMY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 6: 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	3.80% - 11.50%
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%

CARBON VALLEY ACADEMY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 6: 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		MAPD PPO #2 with Medicare		MAPD HMO (Kaiser) with Medicare	
	Part A for Retiree / Spouse		Part A for Retiree / Spouse		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		MAPD PPO #2 without Medicare		MAPD HMO (Kaiser) without Medicare	
	Part A for Retiree / Spouse		Part A for Retiree / Spouse		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:

CARBON VALLEY ACADEMY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 6: Postemployment Healthcare Benefits (Continued)

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

Measurement Year	PERACare Medicare Plans	Medicare Part A 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.

CARBON VALLEY ACADEMY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 6: Postemployment Healthcare Benefits (Continued)

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

Actuarial assumptions pertaining to per capita health care costs and their related trend rates are analyzed and updated annually by PERA’s actuary.

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%.

CARBON VALLEY ACADEMY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 6: Postemployment Healthcare Benefits (Continued)

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

Discount rate - The discount rate used to measure the 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.
- 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:

CARBON VALLEY ACADEMY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 6: Postemployment Healthcare Benefits (Continued)

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

	<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>\$ 107,531</u>	<u>\$ 110,708</u>	<u>\$ 114,164</u>

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:

	<u>1% Decrease (6.25%)</u>	<u>Current Discount Rate (7.25%)</u>	<u>1% Increase (8.25%)</u>
Proportionate share of the net OPEB liability	<u>\$ 130,760</u>	<u>\$ 110,708</u>	<u>\$ 93,553</u>

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 7: 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 \$106,395.

CARBON VALLEY ACADEMY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 8: Risk Management

The School is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. The School carries commercial insurance for all other risks of loss, including workers' compensation. Settled claims resulting from these risks have not exceeded commercial or School coverages in any of the past three years.

REQUIRED SUPPLEMENTARY INFORMATION

CARBON VALLEY ACADEMY
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
Year Ended June 30, 2024

	BUDGET		ACTUAL	VARIANCE
	ORIGINAL	FINAL		Positive (Negative)
REVENUES				
Local Sources				
Per Pupil Revenue	\$ 2,914,829	\$ 2,536,413	\$ 2,572,383	\$ 35,970
District Mill Levy	550,000	611,461	611,461	-
Other	27,242	49,835	76,952	27,117
State Sources				
Capital Construction	76,000	74,879	104,994	30,115
Grants	101,369	96,156	76,503	(19,653)
Federal Grants	40,000	32,490	-	(32,490)
TOTAL REVENUES	3,709,440	3,401,234	3,442,293	41,059
EXPENDITURES				
Current				
Instruction				
Salaries	1,307,362	1,424,682	1,388,729	35,953
Employee Benefits	436,504	446,214	445,853	361
Purchased Services	86,038	5,500	18,749	(13,249)
Supplies and Materials	38,845	42,962	91,052	(48,090)
Property	-	-	-	-
Other	-	-	-	-
Total Instruction	1,868,749	1,919,358	1,944,383	(25,025)
Supporting Services				
Salaries	477,005	431,868	427,092	4,776
Employee Benefits	131,634	143,320	136,508	6,812
Purchased Services	988,346	925,045	561,272	363,773
Supplies and Materials	42,368	24,576	23,079	1,497
Property	38,774	40,250	49,874	(9,624)
Other	144,900	3,000	3,460	(460)
Total Supporting Services	1,823,027	1,568,059	1,201,285	366,774
Debt Service				
Principal	-	-	121,416	(121,416)
Interest	-	-	313,943	(313,943)
Total Debt Service	-	-	435,359	(435,359)
TOTAL EXPENDITURES	3,691,776	3,487,417	3,581,027	(93,610)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	17,664	(86,183)	(138,734)	(52,551)
OTHER FINANCING SOURCES (USES)				
Transfers Out	-	-	(60,000)	(60,000)
CHANGE IN FUND BALANCE	17,664	(86,183)	(198,734)	(112,551)
FUND BALANCE, Beginning	1,303,732	851,064	1,081,843	230,779
FUND BALANCE, Ending	<u>\$ 1,321,396</u>	<u>\$ 764,881</u>	<u>\$ 883,109</u>	<u>\$ 118,228</u>

CARBON VALLEY 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 YEAR	<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	0.0259279410%	0.0179207570%	0.0193514846%	0.0205670795%
School's Proportionate Share of the Net Pension Liability	\$ 4,584,947	\$ 3,263,274	\$ 2,252,002	\$ 3,109,322
State's Proportionate Share of the Net Pension Liability				
Pension Liability Associated with the School	<u>100,534</u>	<u>950,951</u>	<u>258,163</u>	<u>-</u>
Total Proportionate Share of the Net Pension Liability	<u>\$ 4,685,481</u>	<u>\$ 4,214,225</u>	<u>\$ 2,510,165</u>	<u>\$ 3,109,322</u>
School's Covered Payroll	\$ 1,714,070	\$ 1,381,241	\$ 1,309,100	\$ 1,100,317
School's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	267.5%	236.3%	172.0%	282.6%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	64.74%	81.90%	74.90%	66.99%
FISCAL YEAR	<u>6/30/24</u>	<u>6/30/23</u>	<u>6/30/22</u>	<u>06/30/21</u>
School Contributions				
Statutorily Required Contribution	\$ 364,970	\$ 316,687	\$ 260,248	\$ 214,909
Contributions in Relation to the Statutorily Required Contribution	<u>(364,970)</u>	<u>(316,687)</u>	<u>(260,248)</u>	<u>(214,909)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School's Covered Payroll	\$ 1,790,825	\$ 1,553,896	\$ 1,309,100	\$ 1,081,037
Contributions as a Percentage of Covered Payroll	20.38%	20.38%	19.88%	19.88%

<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>
0.0206182791%	0.0209175085%	0.0249533617%	0.0253307264%	0.0264082502%	0.0279644843%
\$ 3,080,326	\$ 3,703,879	\$ 8,069,029	\$ 7,541,937	\$ 4,038,955	\$ 3,790,127
<u>390,700</u>	<u>506,453</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 3,471,026</u>	<u>\$ 4,210,332</u>	<u>\$ 8,069,029</u>	<u>\$ 7,541,937</u>	<u>\$ 4,038,955</u>	<u>\$ 3,790,127</u>
\$ 1,180,655	\$ 1,157,106	\$ 1,151,069	\$ 1,136,888	\$ 1,152,865	\$ 1,172,333
260.9%	320.1%	701.0%	663.4%	350.3%	323.3%
64.52%	57.01%	43.96%	43.10%	59.20%	62.80%
<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>
\$ 228,809	\$ 221,414	\$ 221,284	\$ 220,438	\$ 215,954	\$ 210,779
<u>(228,809)</u>	<u>(221,414)</u>	<u>(221,284)</u>	<u>(220,438)</u>	<u>(215,954)</u>	<u>(210,779)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,180,655	\$ 1,157,417	\$ 1,171,816	\$ 1,136,119	\$ 1,151,793	\$ 1,178,192
19.38%	19.13%	18.88%	19.40%	18.75%	17.89%

CARBON VALLEY 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 YEAR	<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	0.0155112738%	0.0136114381%	0.0126350344%
School's Proportionate Share of the Net OPEB Liability	\$ 110,708	\$ 111,135	\$ 108,953
School's Covered Payroll	\$ 1,714,070	\$ 1,381,241	\$ 1,309,100
School's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	6%	8.05%	8.32%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	46%	38.57%	39.40%
FISCAL YEAR			
SCHOOL CONTRIBUTIONS			
Statutorily Required Contribution	\$ 18,266	\$ 15,850	\$ 13,353
Contributions in Relation to the Statutorily Required Contribution	<u>(18,266)</u>	<u>(15,850)</u>	<u>(13,353)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School's Covered Payroll	\$ 1,790,825	\$ 1,553,896	\$ 1,309,100
Contributions as a Percentage of Covered Payroll	1.02%	1.02%	1.02%

<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>
0.0118985924%	0.0134739526%	0.0135964978%	0.0141783994%	0.0140000000%
\$ 113,061	\$ 151,447	\$ 184,986	\$ 184,264	\$ 186,674
\$ 1,100,317	\$ 1,180,655	\$ 1,157,106	\$ 1,151,069	\$ 1,136,888
10.28%	12.83%	15.99%	16.01%	16.42%
32.80%	24.50%	17.00%	17.50%	16.70%
<u>6/30/21</u>	<u>6/30/20</u>	<u>6/30/19</u>	<u>6/30/18</u>	<u>6/30/20</u>
\$ 11,027	\$ 12,004	\$ 11,806	\$ 11,953	\$ 11,596
<u>(11,027)</u>	<u>(12,004)</u>	<u>(11,806)</u>	<u>(11,953)</u>	<u>(11,596)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,081,037	\$ 1,180,655	\$ 1,157,417	\$ 1,171,816	\$ 1,136,119
1.02%	1.02%	1.02%	1.02%	1.02%

CARBON VALLEY ACADEMY
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2024

NOTE 1: Stewardship, Compliance, and Accountability

Budgetary Information

A budget is adopted for the General Fund 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 the General Fund must be approved by the Board of Directors.
- All appropriations lapse at fiscal year-end.

Compliance and Accountability

At June 30, 2023, the School's General Fund actual expenditures/expenses exceeded budgeted appropriations by \$153,610, and the School's net position was negative by \$2,789,889, which exceeded available resources. Negative net position occurred primarily as a result of the PERA net pension liability and the net OPEB liability. These may be violations of state statutes.

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 School and DPS Divisions) receive a higher ratio of service credit for each month worked, up to a maximum of 12 months of service credit per year.
- *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.